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Summary

The present report provides an overview of the key features and achievements of the work of the United Nations Volunteers (UNV) programme during the 1998-1999 biennium. It also highlights the Programmes' vision and strategic directions at a time when the importance of volunteer contributions to the development of peaceful and prosperous societies is increasingly recognized. The UNDP strategic results framework (SRF), including the ways in which it relates to support to the United Nations system, is applied as the instrument to present and review the areas, outcomes and results to which the UNV programme and the UNV volunteers contribute. The report reaffirms the importance and value-added of the Programme and its aspirations. It reflects the growth in the number of assignments and the broader participation in the Programme by new partners; the expanded support to United Nations system-wide operations for development and peace; its capacity to work effectively in collaboration with disadvantaged groups and communities; and the universality of the UNV programme and the opportunities it presents for South-South collaboration. The proclamation by the General Assembly of the year 2001 as the International Year of Volunteers constitutes a unique opportunity for UNV, as the designated focal point, to develop further its position as the volunteer arm of the United Nations in support of volunteering for development.

I. Introduction

1. The present report gives an overview of the key features and achievements of the work of the United Nations Volunteers Programme (UNV) over the last two years. It also highlights the Programme's vision and strategic directions as it charts its course in a changing world in which the importance of volunteer contributions to the development of peaceful and prosperous societies is increasingly recognized. In this connection, General Assembly resolution 52/17 of 20 November 1997, proclaiming the year 2001 as the International Year of Volunteers and designating UNV as the focal point, presents important opportunities.

2. With the introduction of the first United Nations Development Programme (UNDP) multi-year funding framework (MYFF), which includes the corporate Strategic Results Framework (SRF), a key building block in the application of results-based management has been put in place. For UNV, such a framework provides an instrument through which it can present a clear picture of the areas, outcomes and results to which the UNV programme and the UNV volunteers contribute. In this connection, the Administrator believes that the UNDP SRF, including the way in which it relates to support to the United Nations system as a whole, is relevant for UNV. Moreover, this framework encompasses all the elements of the UNV Strategy 2000. The application of this approach reaffirms the importance and value-added of the UNV programme and its aspirations at the global, regional and, in particular, the national level.

II. UNV: an overview, 1998 to 1999

A. Main characteristics and trends

3. The UNV programme has continued to promote volunteerism, primarily through the mobilization and placement of UNV volunteers. Volunteering brings benefits to both society at large and to the individual volunteer. It makes important contributions to economic development and to the promotion of more cohesive societies by building trust and reciprocity among people. UNV volunteers bring volunteer dedication, commitment and engagement which, combined with skills and experience, has over the years been highly appreciated by programme countries and partner organizations as contributing to relevant

development outcomes. The impact of the volunteer spirit on host organizations and communities to which UNV volunteers are assigned is manifested in many ways. Through their work, UNV volunteers often introduce and reinforce a culture of volunteerism and partnership that can have a lasting influence on those whom they serve as well as on the volunteers themselves.

4. UNV work at the community level in particular has supported both spontaneous and structured voluntary action at the grass-roots level, which has taken the form of mutual aid. For many programme countries, this local manifestation of volunteering plays an important role in contributing to social cohesion and economic well-being. Some countries are now seeking assistance from UNV to promote more organized forms of volunteerism. In certain instances, the goal is to establish national volunteer schemes, often with a youth focus. In others, the interest is to develop a facility for sending nationals overseas as volunteers under bilateral schemes. Still other examples are found of returned UNV volunteers forming volunteer associations. The demand for UNV support in building up national and local capacity in the field of volunteerism is likely to expand in the years ahead, given the growing awareness that the International Year of Volunteers is generating.

5. Against this background, the UNV programme continued to grow in the biennium, reflecting its ability to respond to the changing global environment, its flexibility in the range of mechanisms it offers and its capacity to forge strategic partnerships with international, national and local bodies. Development cooperation activities remained the hallmark of UNV programme implementation. The trend towards humanitarian and emergency relief, peace-building and electoral support that emerged in the mid-1990s also continued to gain momentum.

6. The table gives a statistical overview of UNV activities from 1996 to 1999. It provides information, by region, on the number of volunteer assignments that were carried out by international and national volunteers, and on the number of individual volunteers who were involved, by origin and by gender. The data illustrate the strong growth in both the number of assignments and the number of volunteers involved. Some of the significant highlights are discussed below.

Statistical overview of UNV activities

UNV assignments by region and UNV volunteers by region, origin and by gender, 1996-1999

Year	1996				1997				1998				1999			
UNV assignments	3242				3620				4047				4755			
Region	Int'l.	Mat.	Total	Total %	Int'l.	Mat.	Total	Total %	Int'l.	Mat.	Total	Total %	Int'l.	Mat.	Total	Total %
Total	2866	376	3242	100%	2908	712	3620	100%	2820	1227	4047	100%	3495	1260	4755	100%
Per cent	88%	12%	100%	-	80%	20%	100%	-	70%	30%	100%	-	74%	26%	100%	-
Africa	1465	85	1550	48%	1449	225	1674	46%	1305	403	1708	42%	1280	430	1710	36%
Asia and the Pacific	547	93	640	20%	584	143	727	20%	650	286	936	23%	1225	272	1497	31%
Arab States	163	48	211	7%	165	51	216	6%	183	78	261	7%	166	86	252	5%
Europe and the Commonwealth of Independent States	266	8	274	8%	298	127	425	12%	246	252	498	12%	380	178	558	12%
Latin America and the Caribbean	425	142	567	17%	412	166	578	16%	436	208	644	16%	444	294	738	16%

United Nations volunteers	Numbers	Per cent	Numbers	Per cent	Numbers	Per cent
Total	3176	100%	3171	100%	3643	100%
From industrial countries	929	29%	1076	32%	1179	32%
From developing countries	2247	71%	2295	68%	2464	68%
Male	2140	67%	2202	65%	2283	63%
Female	1036	33%	1169	35%	1360	37%

7. Overall, the number of assignments carried out in 1999 increased by 1,513 or 47 per cent compared to 1996. Also, the number of individual volunteers involved grew significantly, from 3,176 in 1996 to 4,383 in 1999, an increase of 38 per cent. The number of assignments carried out per volunteer therefore increased over the period. This is mainly a result of an increased involvement of the Programme in elections, where assignments are generally of a shorter duration. Growth occurred in all regions. The large-scale involvement in East Timor before, during and after the popular consultation, and in the elections in Indonesia explain the exceptional growth in 1999 in the Asia and Pacific region. As can be seen from the table, this had an impact on the relative distribution of assignments over the different regions in 1999.

8. Africa, in particular the least developed countries (LDCs), continued to be the region where the Programme is most active and where most volunteers carry out most assignments. This is despite the fact that activities in some countries were phased out owing to the intensification of armed conflict.

9. During the reporting period, UNV volunteers representing 141 nationalities served in 148 countries, demonstrating the universality of the UNV programme, encompassing all regions of the world and providing a channel for the exchange of appropriate skills within and among regions. The majority of serving UNV volunteers (64 per cent in 1999) comprised nationals of developing countries, of whom approximately 55 per cent carried out assignments outside their own country. The participation of developing country nationals in UNV programme activities therefore remained high. This reaffirms the unique characteristic of the Programme as a strong and very concrete expression of South-South collaboration. The table shows an increase in 1999 in the number of UNV volunteers from industrialized countries. This is attributable partly to activities undertaken in Bosnia by national UNV volunteers and partly to a particular mix of volunteers for certain operations. For the elections in Nigeria, and Indonesia for example, it was predominantly nationals of European Union Member States who were mobilized within the context of agreements with the Union.

10. The table also illustrates the continuous growth in the number of assignments carried out by national UNV volunteers in their own country. The number in 1999 had increased more than twofold compared to 1996, when the modality was still in the initial stages

of development. In terms of absolute numbers, the increase in assignments carried out by national UNV volunteers was sharpest in Africa — from 85 in 1996 to 430 in 1999. This trend is a result of the conscious effort to encourage the implementation of activities through the mixed-team approach, thereby drawing on the complementary expertise and experience of international and national volunteers. This approach supports national capacity-building and has proved to be instrumental in sustaining development outcomes and promoting the spirit of volunteerism.

11. UNV remains committed to ensuring the fullest participation of women as UNV volunteers and to achieving its goal of a female/male ratio between 40/60 and 60/40 in the total number of serving UNV volunteers. Indeed, the participation of women increased from 1,036 in 1996 to 1,572 in 1999, an increase of 52 per cent. Overall, the ratio attained in 1999 was 36:64. The slight decline in the ratio of women UNV volunteers in 1999 compared to 1998 was largely attributable to the large-scale mobilization of UNV volunteers for shorter-term, emergency-related activities that required services for which it was relatively more difficult to mobilize women. Excluding the involvement in emergency, humanitarian, peacekeeping and electoral operations, the ratio attained in 1999 was 39:61. This is a positive indicator of the improving performance of the UNV programme in this regard.

12. An important UNV goal is to establish synergies with the programmes of other organizations to ensure maximum impact and gain strength from the partnership. During the biennium, UNV continued to broaden its partnership base. Measures taken included the strategic application of the Special Voluntary Fund (SVF) to promote joint activities through pilot projects, participation in humanitarian operations and electoral processes in collaboration with multilateral, regional and national entities, and working closely with civil society to strengthen local institutions and non-governmental organizations (NGOs). Such partnerships have proven valuable in generating additional funds, strengthening the programme implementation capability of UNV, and testing and demonstrating the effectiveness of volunteer contributions in specific areas.

13. General Assembly resolution 52/17, proclaiming 2001 as the International Year of Volunteers is generating increased recognition of the important role

of volunteers and awareness of the achievements that volunteerism can accomplish. It is enabling UNV, as the designated focal point for the Year, to reinforce its role in the development process and to broaden its support in the promotion of volunteer action. Furthermore, it is providing UNV with the opportunity to build new constituencies and to contribute more directly to the ongoing debate on social and economic development strategies.

B. Programme activities

14. As mentioned in paragraph 2, the UNDP corporate strategic results framework is used as a reference for the review and assessment of the involvement of UNV and the UNV volunteers in programme activities. Accordingly, the following presentation is structured along the relevant main categories of generic outcomes and related goals, sub-goals and strategic areas of support (SAS) that are identified in the corporate SRF of UNDP. These are: (a) the enabling environment for sustainable human development; (b) poverty eradication and sustainable livelihoods; and (c) special development situations. While many UNV activities have a bearing on the protection of the environment and the advancement of women, most often they form an integral part of the work of the volunteers within the above three main areas. As cross-cutting issues, they are therefore presented within this context. This is further reviewed in paragraphs 32-34. Similarly, UNV involvement in supporting the United Nations system as a whole is reflected below and in paragraph 35.

1. The enabling environment for sustainable human development

15. This programme area comprises several sub-goals and strategic areas of support designed to strengthen institutional capacities, enhance multilateral dialogue, and promote an enabling environment for sustainable human development. UNV activities in the context of the preparations for the International Year of Volunteers (see paras. 68 and 69), in particular its involvement in advocacy and in fostering the increased recognition, facilitation, networking and promotion of volunteering constitute important contributions to the national, regional and global dialogue to widen choices for sustainable and equitable growth.

16. During the biennium, 30 per cent of all UNV assignments supported activities falling within this programme area. The specific elements of this involvement included strengthening, at the community level, key governance institutions and providing support to decentralization processes. Activities also included assisting in electoral exercises.

17. A total of 861 UNV volunteers were mobilized to assist in the elections that took place in Cambodia, Central African Republic, East Timor, Haiti, Indonesia, Mozambique, Nepal, Niger, Nigeria and South Africa. Of these, more than 250 were recruited in cooperation with the European Union. The largest single operation was the popular consultation in East Timor. At the request of the Department of Peacekeeping Operations of the United Nations Secretariat (DPKO), 500 UNVs were mobilized to support the United Nations Assistance Mission in East Timor (UNAMET). The UNV volunteers (481 district electoral officers (DEOs) and 19 medical personnel) from 73 countries were fielded in a record six-week period. As the main outreach arm of UNAMET, the UNV DEOs helped to register 451,000 Timorese, of whom 98 per cent cast their vote. It is estimated that between 50 and 60 per cent of the voters were women. Following the evacuation of all United Nations personnel from East Timor to Australia, some 100 UNV volunteers, while awaiting their return to East Timor, supported UNAMET in providing emergency assistance for nearly 2,000 East Timor refugees. Upon their return, these UNV volunteers took on a front-line role as UNAMET district civil affairs officers to support the Timorese people in their efforts to rebuild the country. Under a new agreement with DPKO, up to 275 UNV volunteers are being fielded during the early part of 2000 to assist the newly created United Nations Transitional Administration in East Timor (UNTAET). In addition, some 20 UNV volunteers supported humanitarian relief operations in East Timor, including those of the Office for the Coordination of Humanitarian Affairs (OCHA), the Office of the United Nations High Commissioner for Refugees (UNHCR) and the World Food Programme (WFP).

18. The promotion of decentralization that supports participatory local governance, strengthens local organizations and empowers communities is another area where many UNV volunteers were involved. Kyrgyzstan provides a good example of how UNV volunteers contributed to the decentralization process

in that country by strengthening local planning and project-implementation capacity, increasing access to information and improving resource allocation to communities. In order to reach the poorest, mixed teams of international and national UNV volunteers mobilized social groups and assisted local communities through participatory approaches at the grass-roots level. To date, in the programme's six pilot districts, 140 community-based organizations (CBOs) have been formed with over 5,800 members from all participating municipalities. This project illustrates how UNV assists communities to participate actively in local development processes, thereby contributing to the broader objectives of the national decentralization programme, as highlighted in the UNDP Administrator's Business Plans, 2000-2003.

19. UNV regional activities that addressed the objective of improving the enabling environment included the strengthening of institutional capacity for governance. For example, in Central America and the Caribbean, UNV collaborated with the United Nations Children's Fund (UNICEF) and local partners mandated to implement the Convention of the Rights of the Child. The range of support provided at the country level included the drafting of new national legislation on the Child and Adolescent Code, assisting in its implementation where such a Code existed, and where it did not, maintaining the momentum for its establishment. In addition, the UNV volunteers helped to create awareness of the need to address the problems of children and youth in planning processes at the local government level. Areas of concern to some of the participating countries, such as child labour and sexual exploitation, the juvenile criminal justice system and national registry, were addressed through local, national and regional networks established with the involvement of the UNV volunteers to provide forums for exchanging views and experience in these areas.

20. The UNV contribution to strengthening human-rights institutions included support to the *Defensoría del Pueblo* Office of the Ombudsman in Peru in extending its outreach capacity to indigenous groups and small communities in rural areas. National UNV volunteers, half of whom were women, dealt with complaints and requests for intervention and mediation, acted on unjustified delays in court processes, coordinated mobile teams, set up education programmes for human rights and mounted public-information campaigns. After one year of UNV

involvement, the geographic coverage of the Office had increased by 30 per cent while the number of claims handled and consultations made doubled. Access to the Office by the indigenous population, most of them living in communities that had been ravaged by conflict and among the poorest sector of the population, also increased significantly. In view of the success of this initiative, UNV is exploring with partners ways of replicating the project elsewhere.

2. Poverty eradication and sustainable livelihoods

21. UNV volunteers are extensively involved in poverty-eradication initiatives with a wide range of partners, primarily at the community level. During the biennium, some 30 per cent of all UNV assignments supported activities closely related to the sub-goals of poverty eradication and sustainable livelihoods identified in the UNDP SRF.

22. In support of UNDP programmes and activities targeting poverty eradication, mixed teams of international and national UNV volunteers assisted community-based initiatives in over 40 countries, working mainly with disadvantaged groups. Acting as an outreach for these programmes, UNV volunteers carried out a range of activities such as conducting baseline surveys of poverty levels, acting as a bridge to link communities and institutions at intermediate and national levels, disseminating information on services, assisting in the management of natural resources, and providing access to micro-credit. Specific examples that illustrate the value-added of UNV activities in addressing poverty eradication included support to women in rural areas in Yemen, the strengthening of national volunteer organizations dealing with poverty eradication activities in Mali, and assisting indigenous communities in Ecuador.

23. Within the framework of UNDP support to the Government of Yemen's Programme for Poverty Eradication, UNV volunteers assisted women's agricultural centres in assessing the capacity of the centres to respond effectively to the needs of communities, identifying resource requirements, undertaking training of trainers, and providing technical advice in areas such as livestock production, basic food processing, and homelot gardening. They also supported women's groups in accessing funds made available under the UNDP Poverty Alleviation Programme for small-scale local development schemes. In Mali, UNV volunteers supported the National

Voluntary Service (NVS) in the implementation of poverty-eradication activities. This endeavour involved 300 volunteers from the NVS. Together, they established 1,500 CBOs, trained 800 community leaders, conducted literacy programmes for 1,600 adults — 80 per cent of whom were women — assisted in reforestation and in the preparation and utilization of land for agricultural production. In Ecuador, a team of international and national UNV volunteers assisted indigenous communities living in areas afflicted by increasing poverty and environmental degradation. Working in close collaboration with local NGOs, provincial government authorities and private foundations, UNV volunteers supported institution-building to strengthen environmental management and the establishment of micro-enterprises for income generation.

24. UNV volunteers were also engaged in activities aimed at improving community access to health, education, water and sanitation and other basic services. During the biennium, UNV continued to collaborate closely with the Joint and Co-sponsored United Nations Programme on HIV/AIDS (UNAIDS) and UNDP country offices in support of community efforts in responding to the HIV/AIDS epidemic and in strengthening networking among people living with HIV/AIDS. Based on the premise that the needs and problems of people living with AIDS are best understood by those affected, national UNV volunteers, many of them HIV-positive, served as peer educators, counsellors, and project coordinators in Malawi and Zambia. This initiative is being expanded in 2000 to other countries, including Burundi, Cambodia, Côte d'Ivoire and India. In the Caribbean region, another initiative with UNAIDS, designed to support four national seropositive groups and the Caribbean Regional Network of Seropositives (CRN+), has been approved and is also being implemented in 2000. All these activities are aimed at increasing public awareness of HIV/AIDS and strengthening the capacity of self-help groups in dealing with the social and economic impact of the epidemic at the community level.

25. In promoting employment and fostering skills among youth, UNV has supported the training of disadvantaged youth. A typical example was UNV involvement in the strengthening of the Hoa Sua Vocational Training School in Hanoi, Viet Nam. The school, a non-profit-making entity managed by a group

of Vietnamese women, offered courses such as catering, industrial sewing, small-business management and foreign languages. Income generated from three main businesses — a café/restaurant, a bakery and a catering service — helped to cover the salaries of 89 staff, administration costs and scholarships for more than 300 students. However, the demand for training outstripped the school's capacity. To enhance the performance of the school, international and national UNV volunteers introduced a number of measures, including improvements in the school's management and administrative practices, staff and programme evaluation systems and the establishment of a support network involving the government, international NGOs, catering schools, embassies and volunteer chefs. The financial management of the school will be further strengthened through a specialized assignment under the UNV-administered United Nations International Short-Term Advisory Resources (UNISTAR) modality (see para. 37). Since its establishment, over 90 per cent of the graduates — more than 50 per cent of whom are young women — have secured full-time employment.

26. The importance of information and communication technologies (ICTs) in the development process was underscored by the Administrative Committee on Coordination when it set "Information for All" as a fundamental development goal. In this context, UNV, in collaboration with the UNDP Information Technology for Development Programme, initiated a pilot project to assist "information poor" communities by providing access to information technologies and connectivity to Internet. This project, entitled "Technology Access Community Centres", which is being implemented in the Governorate of Sharkeya in Egypt, is expected to serve 15,000 users annually. It is also expected to demonstrate how UNV can support communities in such fields as health, education and small-business development through the application of ICTs. Young women, aspiring entrepreneurs and health workers are among the many people already tapping into these new sources of information. It further provides the opportunity for UNV volunteers to increase awareness within civil society of the importance of the new ICTs and to provide training on their use. This will create opportunities for learning, employment and networking at both national and regional levels. UNV anticipates a growing role in helping to ensure that the benefits that

derive from the application of ICTs are also made accessible to marginalized communities.

3. Special development situations

27. UNV support to countries in special development situations encompassed peace-building and reconciliation, humanitarian and emergency operations as well as relief activities that were linked to rehabilitation and reconstruction. During the biennium, 34 per cent of all UNV volunteer assignments related to these areas, including support to United Nations system-wide responses to complex emergencies and the efforts to accelerate the process of sustainable recovery. Specific activities undertaken in support of relief operations included assistance and protection of refugees and internally displaced persons, human-rights monitoring, field coordination, food distribution and logistics.

28. During 1998-1999, UNV was involved in humanitarian and relief operations in over 60 countries, the largest being in the Balkans, the Great Lakes and the Horn of Africa. UNV volunteers assisted emergency relief efforts in the context of refugee crises. With UNHCR, UNV volunteers were engaged in all aspects of refugee assistance from establishing and managing camps to participating in repatriation operations, including the monitoring and protection of refugees, logistics, and programme coordination. With WFP, the involvement of UNV volunteers in food distribution contributed to the survival of vulnerable groups, refugees, internally displaced persons and residents in food-deficit areas. UNV volunteers also supported the work of UNICEF and the World Health Organization (WHO) in emergency activities focusing, more specifically, on children and health. The White Helmets Initiative (WHI) (see para. 39) continued to be a valuable source of support in several of these operations.

29. In response to the Hurricane Mitch emergency, which hit Central America in late 1998, UNV mobilized, at very short notice, volunteers for emergency operations in Honduras, Nicaragua and El Salvador. In Honduras and Nicaragua, more than 100 volunteers contributed to the immediate needs assessment in remote provinces, enabling agencies and national authorities to target emergency supplies of food, water and other basic needs. UNV volunteers in El Salvador concentrated on the provision of critical primary-health services. The decentralized facility

available to the UNV programme officers (see para. 55) enabled UNV to respond quickly to this emergency and established the basis for involvement in follow-up programmes in collaboration with other partners.

30. A major challenge in countries emerging from internal conflict is the rebuilding of confidence, trust and the capacity for sustainable recovery. In this context, UNV volunteers can play a special role as mediators in confidence-building and peace-promotion activities, particularly at the community level. In Georgia, for example, UNV volunteers were instrumental in building up national capacity for conflict resolution through the training of representatives of civil society groups. They also promoted peace-building processes at the community level through inter-communal partnerships and joint projects. More broadly, the UNV volunteers supported local NGOs in establishing links with international bodies and promoted dialogue and the building of links among groups from the conflict zones.

31. In supporting countries in special development situations, Kosovo illustrates well how UNV volunteers can be instrumental in helping to bridge the link between relief and development and in supporting activities that promote the sustainable recovery and rehabilitation of affected populations. Upon the establishment of the United Nations Interim Administration Mission in Kosovo (UNMIK), UNV was requested to mobilize 200 UNV volunteer civil administration support officers to work in areas such as rehabilitation, regional and municipal administration and civil registration. They played a key role in re-establishing social services and rebuilding local administrative capacity, thereby providing support to affected populations, including refugees and displaced persons. Up to 600 UNV volunteers are expected to be called upon during 2000 to support UNMIK and municipal election processes managed by the United Nations and the Organization for Security and Cooperation in Europe (OSCE). In addition, UNV volunteers also supported UNHCR, the United Nations Office for Project Services (UNOPS) and WFP in humanitarian relief operations. As for longer-term development activities, UNV volunteers were engaged in programmes such as the Village Employment and Rehabilitation Programme (VERP), funded by the European Union and through which over 45,000 people have been employed.

4. Environment and gender

32. As mentioned in paragraph 14, and as demonstrated in the presentations above, the protection of the environment and the advancement of women form, for the most part, an integral part of the work of the UNV volunteers in the areas of enabling environment, poverty eradication and special development situations. Presented below are two examples of the relatively few projects in which UNV, in collaboration with other parts of the United Nations system, has been more directly engaged.

33. Jointly with the Office to Combat Desertification and Drought (UNSO), UNV supported 13 African countries in the context of the United Nations Convention to Combat Desertification (UNCCD). The primary role of the national UNV volunteers was to help to ensure the active participation of civil society in the national action plan (NAP) processes, thereby contributing to the strengthening of the capacity of local institutions. By bringing together actors such as women's groups, farmer associations and local government, they helped to create forums for participatory discussions on national policies. In some countries, such as Burkina Faso and Kenya, this led to substantial amendments to the NAP. The working style and personal commitment of the UNV volunteers was also instrumental in generating awareness of the mutual benefits arising from partnership between civil society and government. In recognition of the project's success in terms of fully engaging stakeholders in the elaboration of the NAPs, UNV and UNSO were invited to make a presentation to the UNCCD Third Conference of the Parties in November 1999 in Recife, Brazil — the first time UNV had contributed to the deliberations of a major post-Rio environmental convention. At the meeting, the role played by the UNV volunteers as brokers between Governments and civil society organizations (CSOs) was commended. Proposals were made that UNV should continue to be involved in activities financed from the national desertification funds.

34. In collaboration with the United Nations Development Fund for Women (UNIFEM) and the UNDP Gender-in-Development Programme, UNV gender specialists, almost half of them from developing countries, joined UNDP country offices to support the promotion of gender-mainstreaming. The synergies generated by UNIFEM technical expertise at the regional level, UNDP local knowledge, and the

commitment and dedication of the UNV volunteers, contributed to increased awareness and understanding of gender issues in the countries involved and more systematic integration of gender issues in UNDP-supported activities. Gender training provided to staff from UNDP, other United Nations organizations, Governments and NGOs facilitated this process. Increased access to information also contributed to the empowering of women NGOs and their active participation in the preparation of national action plans. While the project faces challenges in fully mainstreaming gender as a cross-cutting issue in development, it is illustrative of the strengths that can be drawn from partnerships. This was highlighted at the mid-term review meeting among the three organizations at which it was also recommended that decisions on future directions should be taken after the review of the Beijing Platform for Action at the special session of the General Assembly to be held in June 2000.

5. Support to the United Nations

35. The UNV programme continues to be an important source of support to the United Nations system as a whole in implementing its programmes and activities. As already mentioned above, through the mobilization of UNV volunteers, UNV has contributed to the operations of United Nations specialized agencies, funds and programmes in diverse areas such as poverty eradication, institution-building, training, health, environment, urban development, micro-finance, humanitarian relief, peace-building, human rights and elections. In addition, it has demonstrated its ability to be pro-active and flexible in responding to new development-related challenges facing the United Nations system. The current involvement of UNV volunteers in the diffusion and application of ICTs in low-income communities is one such example. During the biennium, UNV volunteers supported the programme activities of over 25 United Nations agencies, funds and programmes. UNV volunteers also joined country offices to support UNDP resident representatives in their role as resident coordinators. In the context of the follow-up to United Nations global conferences, UNV prepared a report on the implementation of the Copenhagen Declaration and Programme of Action with particular reference to the role that volunteerism and volunteers can play in social development. This is further elaborated in paragraph 69.

C. Other modalities

36. In addition to supporting developing countries and countries in transition through the international and national volunteer modalities, UNV supports and promotes three other volunteer modalities, namely, the United Nations International Short-Term Advisory Resources (UNISTAR), the Transfer of Knowledge through Expatriate Nationals (TOKTEN) and the White Helmets Initiative (WHI). The following paragraphs present an overview of activities undertaken in these three areas during the biennium. It also introduces the on-line volunteering modality as an exciting, new avenue for volunteering.

1. UNISTAR

37. The provision of the services of highly qualified short-term volunteer advisers through the UNISTAR modality continued to be an effective means of enhancing the capacity of public and private enterprises in developing countries and economies in transition. During the biennium, 128 advisory missions were undertaken in 27 countries. Requests for assistance included: rural engineering in Angola; energy distribution in China; micro-financing in Ethiopia; food processing in Jamaica; water desalination in Jordan; water conservation in Lesotho; olive production in the occupied Palestinian territories; shoe production in Tunisia; and aquaculture development in Uruguay. The wider application of corporate employees volunteering in the context of UNISTAR activities shows potential and is currently being explored. In recognition of the complementary role of the UNISTAR programme to UNV longer-term development cooperation activities, the UNISTAR programme was transferred from New York to Bonn in 1999 and mainstreamed within UNV.

2. TOKTEN

38. The TOKTEN programme provides a channel through which skilled expatriate volunteers are given the opportunity to serve in their country of origin. It is a highly decentralized programme, promoted first and foremost by programme country Governments and UNDP country offices and supported by UNOPS. In view of this and in order to better define the role of UNV in promoting this programme, a review was undertaken in 1999. Based on the findings and options presented in the report, UNV is now determining how

it can best support the TOKTEN programme. In this regard, the international TOKTEN conference to be held in Beijing, China, in May 2000, will be a forum for UNV to exchange views with partners.

3. White Helmets Initiative

39. The White Helmets Initiative (WHI) was established in 1994 by the Government of Argentina with the aim of introducing an assistance concept and modality through which pre-identified, stand-by and trained teams of volunteers from various national volunteer corps could be placed at the disposal of the Secretary-General, through the UNV programme, in support of immediate relief, rehabilitation, reconstruction and development activities. The operationalization of the concept and modality has further developed in recent years. The 1999 review (see para. 46) confirmed the potential of the WHI as a valuable and cost-effective mechanism. Conditions are thus in place for exploring the extension of partnerships with other national volunteer corps, civil society, regional organizations and multilateral funding institutions. During the reporting period, in collaboration with United Nations organizations such as the Office of the United Nations High Commissioner for Refugees (UNHCR), the United Nations Office for Project Services (UNOPS) and the World Food Programme (WFP), United Nations peacekeeping operations and national institutions in the beneficiary countries, UNV/White Helmets volunteers have undertaken a diverse range of activities utilizing mixed teams of national and international volunteers. Following the report of the Secretary-General on the "White Helmets" initiative, the General Assembly adopted resolution 54/98, in which it expressed its appreciation for the commendable progress of the Initiative.

4. On-line volunteering

40. The launching of the joint UNDP/CISCO systems NetAid initiative in October 1999 demonstrated the crucial role of the Internet as a channel for global communication. In recognition of this and in view of the growing importance of information and communication technologies in the development process, UNV, as a NetAid partner, began developing an on-line volunteering programme. At the time of finalizing this document, the first version of the UNV-powered web site under NetAid went live (<http://app.netaid.org/OV/>). This new modality holds

great potential to promote volunteer action and global solidarity for human development as well as to complement and support the roles of other UNV modalities. It opens up new possibilities for many more individuals to contribute directly and share their skills and time right from their homes. Equally important, it provides a powerful means through which institutions and CSOs can access knowledge and expertise. In this respect, UNV aims to mobilize its own network of UNV programme officers in the field and all other serving UNV volunteers to become channels for accessing on-line services by local communities and facilitating the setting-up of networks.

D. Consolidating existing partnerships and building new ones

41. As mentioned in paragraph 12, an important UNV goal is to gain strength from partnerships with other organizations. In the period 1998-1999, UNV thus continued to broaden its partnership base. In recognition of the complementary roles and opportunities for new joint-programming initiatives, UNV signed memoranda of understanding with the United Nations Centre for Human Settlements (UNCHS) and with the United Nations International Drug Control Programme (UNDCP). Specific programme examples of newly established or strengthened partnerships included the UNAIDS "Greater Involvement of People Living with AIDS"; the WHO "Healthy Cities"; the UNDP "Local Initiative Facility for Urban Environment" and "Information Technology for Development"; and the UNDP/OHCHR "Support to Human Rights Strengthening".

42. As noted in paragraph 17, there was an increase in UNV collaboration with the European Union. In recognition of the role played by UNVs in electoral operations, UNV was invited to take part in an expert group to consult on the newly created European Union Electoral Unit. This will further consolidate the existing links between the Union and UNV and may form the basis for collaboration in the field of development cooperation.

43. During the biennium, UNV also strengthened its links with CSOs. These included: the Asian-Pacific Forum of National Human Rights Institutions; the Bangladesh Rural Advancement Committee (BRAC); the Grameen Bank, Bangladesh; Habitat for Humanity International, the United States of America; the

International Institute for Development and Citizenship, Brazil; and the Open Society Institute (OSI-SOROS), the United States of America. With regard to the UNISTAR programme, new partners included the Netherlands Management Cooperation Programme and the *Senior Experten* programme of Germany. In addition, stronger working relationships were established with training and research institutes such as the Austrian Study Centre for Peacekeeping and Conflict Resolution; the Berghof Foundation, Germany; Conciliation Resources, United Kingdom; and the International Training Programme for Conflict Management, Italy.

44. In addition, UNV reassessed its relationship with its cooperating organizations — national entities that assist UNV by mobilizing human and financial resources. In 1998, an independent review was conducted by an external consultant to establish their perception of the relationship with UNV. The feedback from cooperating organizations was both frank and critical and highlighted a number of areas requiring attention. A follow-up review was undertaken in 1999 to assess to what extent actions taken by UNV had addressed the issues raised. Despite the relatively short timeframe, cooperating organizations indicated that the steps taken had been positive and had improved working relationships. A significant point raised was the perceived attitudinal shift with respect to how UNV relates to its partners and to its volunteers. Equally important, improvements in relationships with focal points, communication flows and the administration of volunteers were noted. The sharing of both reports with participating organizations was also regarded as a positive step in pursuing a transparent and constructive dialogue with all stakeholders. The lessons learned from this review constituted important inputs in the ongoing process of identifying ways in which UNV can work more effectively with its partners.

E. Lessons learned from reviews and evaluations

45. In response to the 1997 management audit and in line with the proposal contained in the report of the Administrator on UNV for the period 1996-1997 (DP/1998/20), a facility to strengthen UNV evaluation capacity was established in 1998, financed by the SVF. This allowed flexibility and greater independence in the approaches utilized to evaluate project activities

and enabled UNV to undertake important strategic reviews.

46. Reviews undertaken focused on UNV modalities, namely the Field Worker, the national UNV volunteer, the TOKTEN and the White Helmets initiative. Some of the key points emerging from these reviews included: (a) the need to clarify the role of field workers in relation to other UNV modalities and to ensure consistent application of this modality; (b) the acknowledgement of the increasing relevance of the national UNV volunteer modality for capacity-building and sustainable development initiatives and the need to address issues relating to conditions of service and the procedures and structures for managing national UNV volunteers; (c) options for a more active role of UNV in the TOKTEN modality (see para. 38); and (d) the recognition that the UNV/White Helmets concept could be translated into a valuable assistance modality (see para. 39).

47. Through the new facility, UNV also tested innovative methods of evaluation. Beneficiaries participated in the preparation of terms of reference and the design of evaluations. This process contributed to mutual learning and to ensuring that the recommendations reflected the concerns and interests of targeted groups. On the basis of findings and options presented by external evaluation teams, UNV itself took on the formulation of specific recommendations. This participatory approach, involving UNV staff at large, assisted in securing full ownership of the follow-up activities.

48. UNV has recognized the need for a greater involvement in the evaluation of the contributions of UNVs in activities that are designed, managed and funded by other United Nations organizations. A more accurate evaluation of the roles and contributions of UNVs in such projects and programmes will be pursued with partners.

49. In order to strengthen accountability and learning within the organization, increased resources were made available for monitoring missions and training was provided to assist in identifying indicators for project formulation and evaluation. Drawing on the UNDP handbook "Results-Oriented Monitoring and Evaluation", UNV also updated and expanded its guidelines for monitoring and evaluation. The new guidelines are presently being incorporated into the monitoring and evaluation processes in UNV.

III. Resources management

A. Financial resources

50. Annex I provides a financial overview of the UNV programme as a whole. Information under Regular resources relates to the Special Voluntary Fund. Other resources relate to (a) cash contributions to UNV itself under trust funds, other co-financing arrangements and the biennial support budget (approximately 52 per cent) and (b) the financial value of volunteer assignments that are charged directly to agencies and partners (approximately 48 per cent). Although the latter does not correspond with cash contributions to UNV directly, it is incorporated in the overview in order to present a total order of magnitude, in financial terms, of the activities of UNV. Annex II lists cash contributions to UNV by country.

51. As reflected in the annex, the total value of activities carried out in 1998-1999 was \$150.8 million, of which \$7.2 million or approximately 5 per cent was financed from the SVF and \$143.6 million, or approximately 95 per cent, from other resources. A growth of \$19.1 million or about 13 per cent is foreseen for the current biennium as a result of a higher delivery under SVF projects and an increase in UNV activities in the context of major United Nations peacekeeping operations.

1. Special Voluntary Fund

52. New commitments for pilot and experimental projects financed from the SVF increased to a total of \$12.0 million, more than double the amount committed in the 1996/1997 biennium. Of the balance of resources of \$26.6 million as at 31 December 1999, 49 per cent was already fully committed in the form of approved budgets for future years. Against the balance of uncommitted resources of \$13.6 million, a portfolio of project proposals of \$6.0 million had already been developed, leaving a balance of \$7.6 million available for immediate additional programming for future years and for maintaining an operational reserve. The increase in approvals and the additional programming will lead to an increase in expenditures during the period 2000-2001. As a result, the balance of uncommitted resources is expected to decrease to \$6.5 million at the end of 2001. The Administrator believes it is important that, by that time, additional contributions be given to the SVF. This is essential for

the Programme to be able to maintain the level of pilot and experimental projects necessary to continue fulfilling its role in supporting development through the advocacy of volunteerism and the mobilization of volunteers.

53. While a regional balance of SVF project commitments was maintained, the number and volume of pilot and experimental volunteer projects in least developed countries (LDCs) in Africa and Asia more than doubled in the 1998-1999 biennium. Of the newly committed SVF resources, including cost-sharing, close to 80 per cent in Africa and more than 70 per cent in Asia targeted LDCs.

54. The SVF projects approved in 1998-1999, which were aimed primarily at supporting the implementation of the UNV Strategy 2000, also fell within the broader goals identified in the context of the UNDP SRF. Nearly 40 per cent of new commitments related to activities such as decentralization and local governance programmes in support of an enabling environment for sustainable human development. Approximately 35 per cent of new commitments were targeted at poverty eradication and sustainable livelihoods. The remainder encompassed activities in the area of environment and natural resources, gender equality, special development situations and allocations to address critical areas highlighted in the 1997 Management Audit.

55. In line with the UNV policy to empower UNV programme officers, the Programme Officer Empowerment Mechanism (POEM) was launched in 1998. Through POEM, UNV programme officers are provided with a small fund (\$10,000), which they may allocate for the purposes of quick response to emergencies as well as emerging local needs. An example of where this mechanism was successfully applied is presented in paragraph 29.

2. Other resources

56. Activities financed from resources other than the SVF amounted to \$143.6 million or 96 per cent of the total. Of the total \$111.2 million in programme expenditure, approximately 32 per cent was financed from programme resources of UNDP itself, approximately 25 per cent from resources of other United Nations specialized agencies, funds and programmes, 16 per cent under DPKO missions and 27 per cent under trust funds, full funding and other co-financing arrangements.

B. Volunteer resources

57. The diversity in the types of skills required for UNV assignments has necessitated continual adjustment in the skills mix within the UNV roster. During the biennium, for example, requests for the services of UNV volunteers increased in areas such as capacity-building, emergency relief, human rights and electoral processes. While the total number of candidates on the roster and the countries represented remained stable at 3,800 and 156 respectively, the ratios among the various specializations within the 108 professional categories changed. In building its roster capacity and in mobilizing UNV volunteers for large operations, UNV continued to collaborate with a range of recruitment sources, including its traditional partners. For the popular consultation in East Timor, for example, 57 UNDP country offices and 11 cooperating organizations assisted in the recruitment of the 500 UNVs.

58. A notable development within UNV has been the impact of information technology in the management of the roster system. It has allowed the rapid processing of applications and recruitment of volunteers as well as the expansion of UNV outreach capacity and the broadening of its recruitment source base.

59. The safety and welfare of UNV volunteers in the field continued to be a matter of concern. While UNV volunteers are covered by the security arrangements that apply to all United Nations personnel under the Office of the United Nations Security Coordinator (UNSECOORD), UNV undertook additional measures aimed especially at its volunteers assigned to more hazardous duty stations. During the biennium, a series of regional security training workshops for UNV programme officers was conducted in Argentina, Lebanon, South Africa and Thailand, made possible by financing from a major donor. Areas covered during the training ranged from the planning of personal and residential security measures to stress management and the establishment of security management plans. Trainers and resource persons from UNHCR and UNSECOORD participated in all the workshops. In Argentina, and with additional financial support from the Secretariat for International Humanitarian Assistance (responsible for the White Helmets initiative in Argentina), the UNV programme officers received training in coping with hazardous situations through simulated exercises carried out at special

facilities. As a result of these workshops, UNV programme officers in turn conducted security training for all UNV volunteers in their respective countries of assignment. Other measures taken to safeguard further the well-being of UNV volunteers included the issuance of a field manual and video on security issues, which has also been shared with collaborating organizations. Disturbing trends with respect to the safety of United Nations civilian personnel means that security will continue to be a challenge to UNV.

C. Management and administration

60. Actions taken in the area of management and administration were guided in particular by findings and recommendations emanating from the far-reaching workflow review undertaken by UNV itself in late 1997 and the extensive management audit carried out by the UNDP Office of Audit and Performance Review (OAPR) in 1997.

61. The implementation of the recommendations of the workflow review were completed, including a comprehensive training programme for all staff involved. Feedback from country offices, UNV partners and the volunteers themselves confirmed that the measures taken to rationalize and streamline business procedures for operational processes — including the merging of functions at UNV headquarters, the introduction of the volunteer assignment compact, the monetization of UNV volunteer entitlements, and further decentralization to country offices — contributed to improved performance. The implementation of these measures was also required to enable UNV to support substantial programme growth while absorbing budget reductions as a result of the overall severe budget constraints faced by UNDP.

62. Recommendations arising from the management audit carried out in 1997 were implemented during the reporting period. In recognition of the work done and results achieved, OAPR awarded UNV the first-ever certificate of appreciation.

63. As part of the new approach towards organizational planning and learning, UNV organized a global workshop, the first of its kind, in which all UNV programme officers and administrative assistants from country offices and all headquarters staff participated. Working on the principles of equity, inclusion,

participation and learning, the intensive interaction that took place focused on working practices, future challenges and opportunities, and the International Year of Volunteers. The workshop resulted in increased communications throughout the organization, a more participatory approach to training and learning, and, in general, a strengthened UNV team spirit. The workshop energized the organization: staff are more involved in decision-making forums and contribute to ideas and vision pertinent to the future direction of UNV.

64. During the biennium, substantial investments were made in the area of staff development and training. Major focus areas were training on the new workflows, operational procedures and financial systems, new supporting business softwares and programme management. The training in facilitation skills provided to programme officers and administrative assistants from the field and headquarters staff in the context of the global workshop greatly improved the in-house capacity for moderating group work and exchange of views.

65. With the objective of better informing its partners about major activities and development, UNV published its first annual report, covering events in 1998. During the biennium, increasing emphasis was also given to the Internet as a tool for public outreach. Topical information, including on-line versions of UNV publications has been published regularly and now attracts some 160,000 hits every month.

66. During the biennium, new software systems were introduced and software enhancements and upgrades undertaken to: (a) ensure compliance with UNDP systems following the introduction of the Integrated Management Information System (IMIS) and Financial Information Management System (FIMS) and (b) make UNV Y2K compliant. In addition, a UNV systems development methodology and information technology master plan were established.

IV. Challenges and opportunities: International Year of Volunteers

67. In its resolution 52/17, of 20 November 1997, the General Assembly proclaimed 2001 as the International Year of Volunteers. This constitutes a unique opportunity for UNV, as the designated focal point, to develop further its position as the volunteer arm of the

United Nations in support of volunteering for development. The present report began with a section describing the nature of the impact UNV volunteers have on volunteerism in the countries in which they serve and in their home countries upon return. This closing section highlights some of the work undertaken by UNV to help to ensure that the Year is successful both in terms of global coverage and impact. It also reflects on some of the implications of these efforts.

68. Following General Assembly resolution 52/17, a dedicated team was brought together at UNV headquarters in Bonn with funding provided by various donor Governments to assist in preparations for the International Year of Volunteers. Subsequently, team members were also assigned to Brussels, Geneva and New York. The initial task was to generate broad public awareness and support for the Year. To this end, a poster and logo were designed, an interactive web site in four languages was established, and publications, including a detailed guidance note, were prepared and distributed. Attention has since shifted to encouraging and assisting countries in their preparations for the Year, in particular through efforts to facilitate the formation of national steering committees.

69. During the biennium, UNV worked towards publicizing the importance of the International Year of Volunteers at international and regional events to underline the links between volunteering and the goals of the United Nations. This effort is likely to intensify in the period ahead. In addition, to complement various studies under way on the positive role that voluntary contributions can play in social capital formation, UNV is supporting research into the area of quantitative measurement of volunteering to highlight its economic value to societies. UNV also actively supported measures taken by Governments to have volunteering included as one of the new initiatives to be considered at the special session of the United Nations General Assembly on the Implementation of the Outcome of the World Summit for Social Development and Further Initiatives in June 2000 and to be included on the agenda of the thirty-ninth session of the Commission for Social Development in 2001. Towards these ends, an expert working group meeting was organized in late 1999, with additional funding from the W. K. Kellogg Foundation, to consider the contribution of volunteering to social development in every region. The meeting resulted in a set of recommendations on

measures that Governments can take to help to promote an environment within which volunteering can flourish. The report of the meeting has been widely distributed and is serving as a valuable background and policy document on the subject both within and outside UNV.

70. These initiatives, and others, inspired by the International Year of Volunteers, are bringing UNV into contact with a broad range of actors at global, regional, national and local levels. They include the voluntary sector (advocacy and operational not-for-profit organizations, faith-based groups, foundations, etc.), the private sector with its growing interest in volunteering by corporate employees and the media. The Year is also stimulating steadily growing interest from the general public in the work of the United Nations in this field, largely because a significant proportion of the world's population is able to identify with volunteering; for many, the link with the United Nations is an additional attraction. The Year is, moreover, providing a framework to help to strengthen partnerships between UNV and other United Nations bodies, given the widespread involvement of volunteers locally in the programmes of most organizations of the United Nations system.

71. While it is still too early to determine precisely what will be the full impact of the International Year of Volunteers on UNV, it is already clear that it is having an influence and that this influence is likely to intensify. First, with the focus on volunteerism that the Year is generating, UNV is reinforcing the volunteer spirit, in all aspects of its work as a valuable complement to the skills and experience of the volunteers themselves. Second, a growing number of contacts made as a direct result of the preparations for the International Year of Volunteers (see para. 70) are already resulting in promising partnerships for UNV in its regular work. Through these, UNV expects to increase further its visibility and broaden its funding and recruitment bases. Third, the Year is likely to have a positive impact on UNV links with its partners in the United Nations system after the Year is over, thereby contributing to expanded and ever-more innovative relationships. Finally, UNV will have to explore creative ways to respond to the diverse manifestations of growing interest on the part of Governments and organizations in nurturing and expanding volunteer contributions domestically. This is likely to be the greatest challenge for UNV resulting from the International Year of Volunteers in the years ahead.

V. Executive Board action

72. The Executive Board may wish to:

1. *Take note* with appreciation of the report of the Administrator on the activities of the United Nations Volunteers programme during the 1998-1999 biennium (DP/2000/24) and the significant growth achieved during that period;

2. *Welcome* the use of the UNDP strategic results framework, including the way in which it encompasses support to the United Nations system as a whole, as the instrument to present an overview of the areas, outcomes and results to which the Programme and the UNV volunteers contribute;

3. *Reaffirm* the importance as well as the value-added of the United Nations Volunteers programme and its aspirations at the global, regional and national level, including the promotion of South-South collaboration;

4. *Recognize* the important contributions of UNV volunteers in the area of electoral support;

5. *Welcome* the contribution of the UNV programme to national capacity-building and sustainable development through, in particular, the expanded mobilization of national UNV volunteers;

6. *Support* the relevant bridging role that UNV volunteers can play in the transition from humanitarian assistance to reconstruction, rehabilitation and to longer-term sustainable development;

7. *Decide* to hold a special event on volunteering at its annual session 2001 in the framework of the International Year of Volunteers and the thirtieth anniversary of the United Nations Volunteers programme.

Annex I

**United Nations Volunteers resource planning table: projected
resource availability and utilization of resources**

(in millions of United States dollars)

	1998-1999			2000-2001		
	Regular resources (SVF)	Total Other resources	Total resources	Regular resources (SVF)	Total Other resources	Total resources
Resources available						
Opening balance	23.5	25.6	49.1	26.6	24.8	51.4
Income:						
Contributions ^a	6.5	141.1	147.6	7.0	154.2	161.2
Interest, miscellaneous income and pro forma external costs (net)	3.8	1.7	5.5	3.0	1.5	4.5
Total	33.8	168.4	202.2	36.6	180.5	217.1
Use of resources						
A. Programme expenditure	6.3	111.2	117.5	12.3	122.0	134.3
B. Programme support						
Support costs		2.9	2.9		3.2	3.2
Programme officers		6.0	6.0		8.0	8.0
C. Transfer to reserves	0.9	-	0.9		-	-
D. Management and administration		23.5	23.5		24.4	24.4
Total	7.2	143.6	150.8	12.3	157.6	169.9
Balance of resources at 31 December	26.6	24.8	51.4	24.3	22.9	47.2
Commitments for future years (as at 31 December)						
A. Projects	11.6	17.7	29.3	16.3	20.0	36.3
B. External costs of serving volunteers	1.4		1.4	1.5		1.5
Total commitments	13.0	17.7	30.7	17.8	20.0	37.8
Balance of uncommitted resources surplus/deficit (as at 31 December)	13.6	7.1	20.7	6.5	2.9	9.4

^a Includes under Other resources the UNV biennial support budget, which is part of the UNDP biennial appropriations.

Annex II

Cash contributions to UNV for the biennium 1998-1999 by country
 (Thousands of United States dollars)

<i>Donor Government</i>	<i>Regular resources</i>	<i>Other resources</i>	<i>Total</i>
Argentina	-	1 999.0	1 999.0
Australia	-	56.1	56.1
Austria	112.8	-	112.8
Bangladesh	2.3	-	2.3
Belgium	287.3	1 250.7	1 538.0
Botswana	25.0	-	25.0
Burkina Faso	1.8	-	1.8
Canada	66.6	170.8	237.4
China	30.0	-	30.0
Cyprus	3.6	-	3.6
Czech Republic	60.6	-	60.6
Denmark	-	537.4	537.4
Egypt	3.0	-	3.0
Finland	-	1 535.7	1 535.7
France	91.9	521.2	613.1
Germany	3 909.1	1 201.2	5 110.3
India	15.0	-	15.0
Ireland	194.8	1 209.2	1 404.0
Italy	-	1 171.8	1 171.8
Jamaica	5.0	-	5.0
Japan	-	7 929.7	7 929.7
Lesotho	0.2	-	0.2
Netherlands	749.1	2 764.0	3 513.1
Norway	-	318.7	318.7
Panama	1.0	-	1.0
Philippines	0.6	-	0.6
Poland	-	130.0	130.0
Slovakia	-	80.0	80.0
South Africa	4.8	-	4.8
Spain	-	2 394.0	2 394.0
Sri Lanka	3.0	-	3.0
Sweden	-	998.3	998.3
Switzerland	663.8	183.5	847.3
Syria	1.4	-	1.4
Thailand	5.7	-	5.7
Turkey	50.0	-	50.0
United Kingdom	-	383.9	383.9
United States of America	100.1	-	100.1
Total	6 388.5	24 835.2	31 223.7



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ANNUAL REPORT OF THE EXECUTIVE DIRECTOR
ON THE ACTIVITIES OF THE UNITED NATIONS OFFICE FOR PROJECT SERVICES

SUMMARY

The present report is submitted pursuant to Executive Board decision 94/32 of 10 October 1994. UNOPS has fulfilled its 1999 financial targets as set in the 1999-2000 UNOPS Business Plan, and has operated in accordance with the self-financing principle with regard to recurring expenditures. The report also summarizes UNOPS performance during the five years since its inception, highlighting actions taken to fulfil the basic tenets of the legislation that established UNOPS as a self-financing provider of services to the United Nations system. Internal oversight issues are addressed in document DP/2000/25/Add.1.

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ABBREVIATIONS

ACC	Administrative Committee on Coordination
ACABQ	Advisory Committee on Administrative and Budgetary Questions
DPA	Department of Political Affairs of the United Nations Secretariat
DPKO	Department for Peace-keeping Operations of the United Nations Secretariat
IDNDR	International Decade for Natural Disaster Reduction
IFAD	International Fund for Agricultural Development
IFI	International financial institution
ILO	International Labour Organization
OIP	Office of the Iraq Programme
IMIS	Integrated Management Information System
MCC	Management Coordination Committee
MSA	Management services agreement
OCHA	Office for the Coordination of Humanitarian Affairs
UNDCP	United Nations International Drug Control Programme
UNDP	United Nations Development Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNHCHR	Office of the United Nations High Commissioner for Human Rights
UNMIK	United Nations Mission in Kosovo
UNOPS	United Nations Office for Project Services

I. INTRODUCTION

1. The present report has been prepared in compliance with Executive Board decision 94/32 of 10 October 1994, in which the Board requested the Executive Director to report annually on the activities of the United Nations Office for Project Services.
2. As mandated in decision 95/1 of 10 January 1995, the report has been reviewed and cleared by the Management Coordination Committee.
3. The 1999-2000 UNOPS Business Plan, distributed to members of the Executive Board at the third regular session 1999, establishes the targets against which performance is assessed in the present report.

II. FINANCIAL PERFORMANCE

4. Since its inception, the UNOPS portfolio has been composed of two categories of projects: (a) the project portfolio, for which UNOPS handles the funds entrusted by its clients and incurs project expenditures and (b) the "services only" portfolio, where UNOPS renders services for which it charges a fee and where expenditure of project funds, if any, is incurred by parties other than UNOPS. Income derived from the project portfolio is traditionally expressed as a percentage of the amounts spent on behalf of UNOPS clients. The income earned on the services only portfolio is instead expressed as a dollar amount that is linked to the services provided rather than to the dollar amount of the project funds. As seen in figure 1, the value of the total UNOPS portfolio grew from \$3.5 billion in 1998 to \$3.7 billion in 1999 (an increase of 5.7 per cent). This includes \$566 million of new acquisitions for the project portfolio and \$652 million for the services only portfolio.

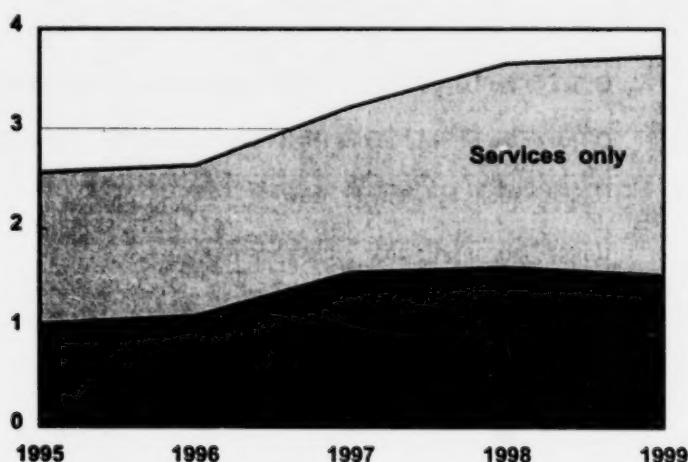


Figure 1. UNOPS portfolio composition (in billions of dollars)

5. The composition of the project portfolio acquired in 1999 shows a number of substantial changes. Projects funded from UNDP regular resources continued to decrease, by \$111 million or 36 per cent as compared to the previous year (see figure 2(a)). Similarly, the total value of new projects funded by the UNDP trust funds and UNDP-administered funds acquired in 1999 returned close to the value of 1997 (see figure 2(b)). However, newly

acquired management services agreements, under arrangements signed by UNDP with international financial institutions, grew from \$50 million in 1998 to \$73 million in 1999 (see figure 2(c)), including a new project in Tajikistan utilizing loan resources from the Asian Development Bank. In the services only sector (figure 2(d)), the total value of new projects funded by IFAD and assigned to UNOPS supervision and loan administration in 1999 increased by 129 per cent, from \$284 million in 1998 to \$652 million in 1999 (see paragraph 22).

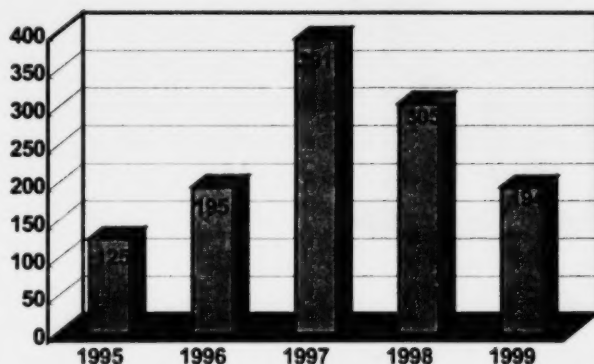


Figure 2(a). Portfolio acquisitions from UNDP Regular resources (in millions of dollars)

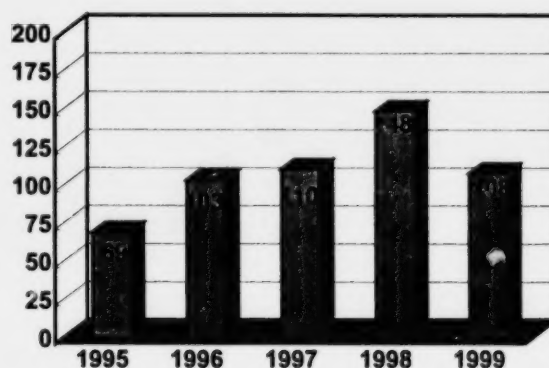


Figure 2(b). Portfolio acquisitions from UNDP trusts funds and UNDP-administered funds (in millions of dollars)

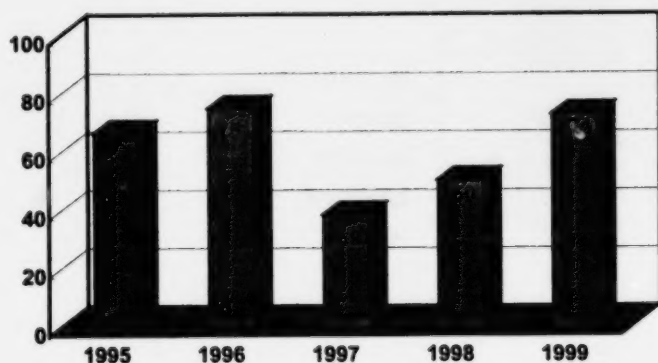


Figure 2(c). Portfolio acquisitions from IFIs, under arrangements signed by UNDP (in millions of dollars)

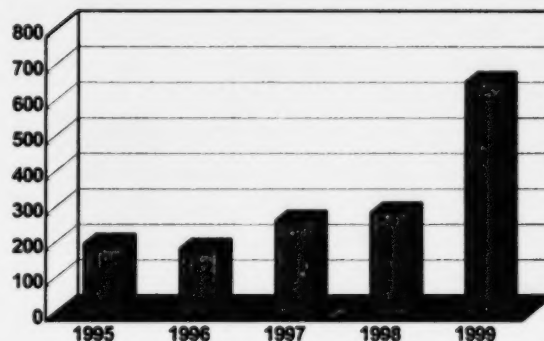


Figure 2(d). Services only acquisitions from IFAD (in millions of dollars)

6. In document DP/1999/22, the Executive Director reported that the Department for Political Affairs, the Department for Peace-keeping Operations and the Office of the High Commissioner for Human Rights, among others, used UNOPS services for the first time in 1998. In 1999, the volume of services requested by these three organizations reached \$33 million, an increase of 22 per cent from \$27 million in 1998. In addition, the new portfolio from more traditional United Nations clients, such as UNDCP and associated United Nations organizations based in Vienna, almost tripled in 1999, from \$13 million in 1998 to \$36 million in 1999. In total, the portfolio

acquisition with clients other than UNDP more than doubled in 1999, rising from nearly \$49 million in 1998 to \$101 million in 1999 (see figures 2(e) and 3).

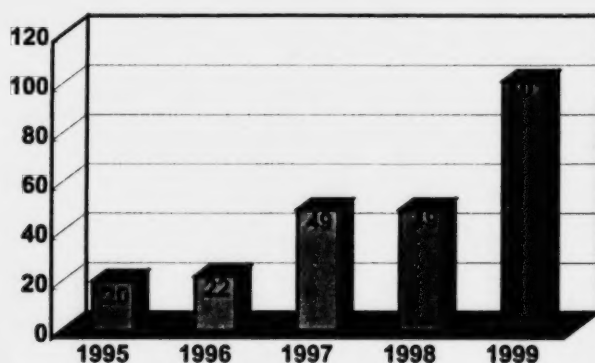


Figure 2(e) Portfolio acquisitions from United Nations entities other than UNDP (in millions of dollars)

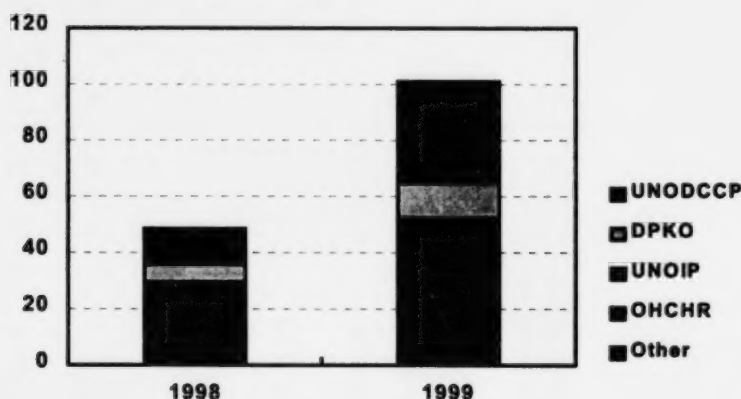


Figure 3. Portfolio acquisitions from organizations of the United Nations other than UNDP (in millions of dollars). The "Other" category includes DPA, IFAD, IDNDR, ILO, UNHCR, UNMIK

7. Total delivery stood at \$764 million in 1999, comprising \$568 million in expenditures on the project portfolio and \$196 million in disbursement authorizations processed for IFAD-funded projects, under the services only portfolio. While UNOPS has responsibility for 53 per cent of the total IFAD project portfolio under implementation, the disbursements authorized by UNOPS correspond to 69 per cent of all loan disbursements made by IFAD in 1999. Total delivery showed in 1999 an overall increase of 7 per cent over 1998 (see figure 4). These results are compared with delivery targets of \$550 million for the project portfolio and \$257 million in authorized disbursements on the services only portfolio.

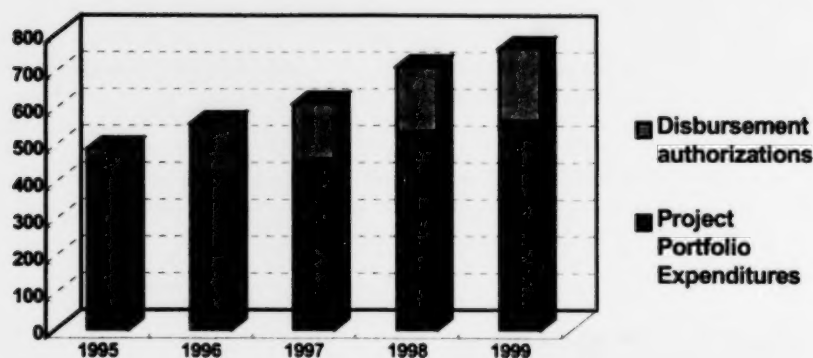


Figure 4. UNOPS delivery (in millions of dollars)

8. In 1999, UNOPS continued to provide a significant volume of services to nationally executed projects, both for UNDP and other United Nations clients. Delivery within projects under national execution continued an upward trend in 1999, although less sharply than in 1998 (see figure 5). Highlights of new services provided by UNOPS in 1999 under nationally executed projects are given in paragraphs 23 and 24.

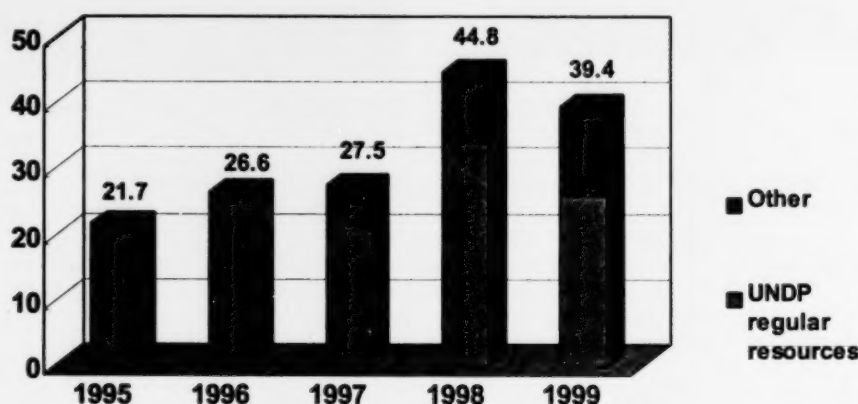


Figure 5. UNOPS delivery under nationally executed projects (in millions of dollars)

9. Actual income for 1999 amounted to \$51.5 million, distributed as follows: \$43.0 million from delivery of the project portfolio; \$5.8 million from loan-administration and project-supervision services; and \$2.7 million in other income. As expected, the income derived from sources other than UNDP rose from over \$8 million in 1998, or a share of 16 per cent of total UNOPS income for that year, to \$11 million in 1999, corresponding to a share of 21 per cent of total UNOPS income. The actual income for 1999 reached 101 per cent of the target, which had been set at \$51.1 million.

10. Regarding administrative expenditure, in 1998 the Executive Director proposed to break down the total for expenditure into the two categories of recurring and non-recurring expenditure (document DP/1998/35). This proposal was endorsed by the Advisory Committee on Administrative and Budgetary Questions in document DP/1998/36, and approved by the Executive Board in its decision 98/20 of 21 September 1998. Since then, administrative expenditure has been reported accordingly (see also document DP/1999/39). Recurrent administrative expenditure, projected at \$48.1 million for 1999, stood at \$48.6 million by the end of the year. The

requirements of the self-financing principle, which call for income to exceed administrative costs, were therefore fulfilled in 1999 with regard to recurring administrative costs (see figure 6).

11. Non-recurring expenditures comprised expenditures incurred for the implementation of the Integrated Management Information System and Year 2000 (Y2K) transition, and for the relocation of headquarters premises. Non-recurring expenditure related to IMIS/Y2K, projected at \$4.0 million for 1999, was in the amount of \$2.7 million whereas relocation expenditures, projected at \$8.5 million, amounted to \$14.0 million (see paragraphs 34 through 38 for a detailed description of this expenditure). The resulting gap between total income and total administrative expenditure has required a drawdown from the operational reserve in the amount of \$13.8 million (see paragraphs 13 and 14 and figure 7).

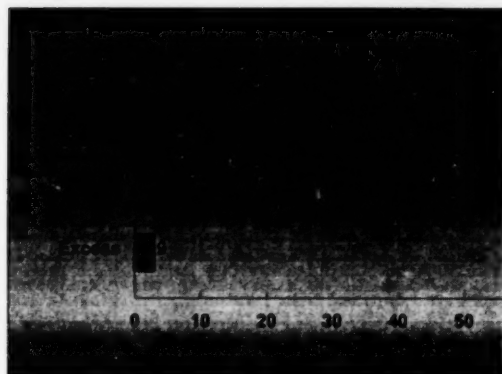


Figure 6. 1999 coverage of recurring administrative expenditure by income (in millions of dollars)

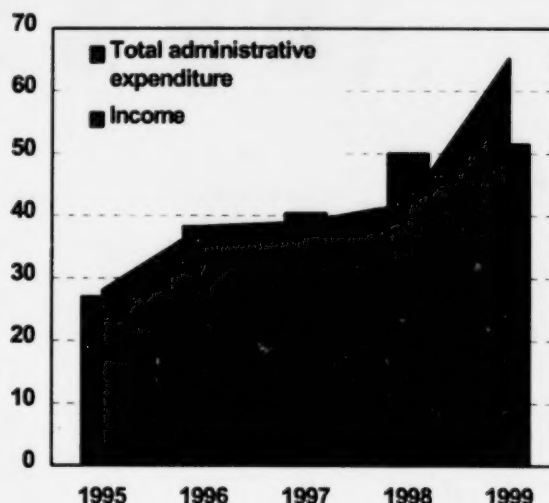


Figure 7. Income and total administrative expenditure (in millions of dollars)

12. The amount paid by UNOPS to UNDP in 1999 for the provision of all central services, including those provided by the Executive Board secretariat was in the amount of \$2.8 million. The amount transferred directly to UNDP country offices, \$2.2 million in 1999, increased by 19 per cent over the 1998 value of \$1.8 million. Data referring to 1997, 1998 and 1999 are contained in figure 8.

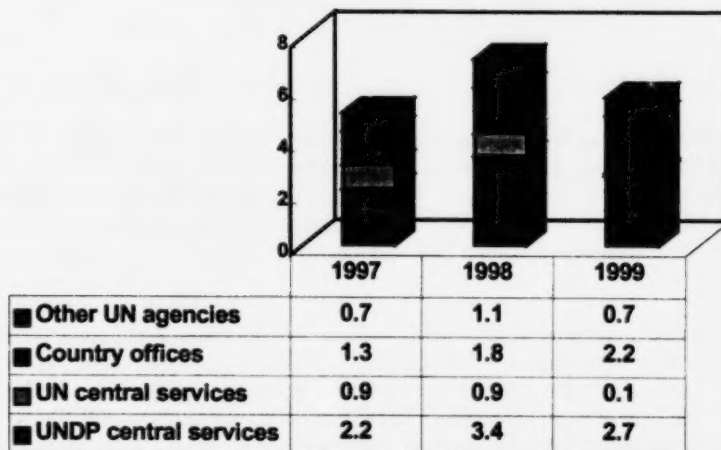


Figure 8. Amounts paid to UNDP and the United Nations from UNOPS income for project support and administrative services rendered (in millions of dollars)

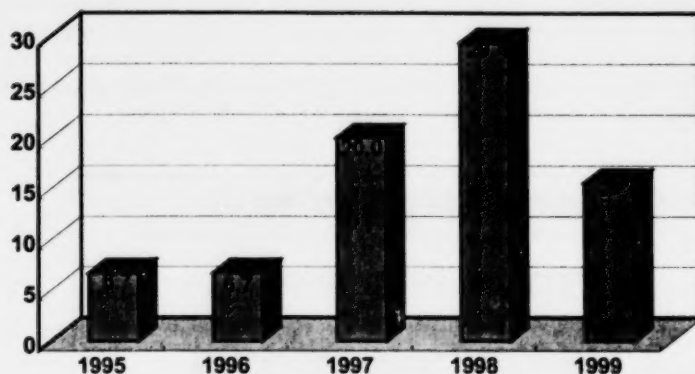


Figure 9. Level of the UNOPS operational reserve (in millions of dollars)

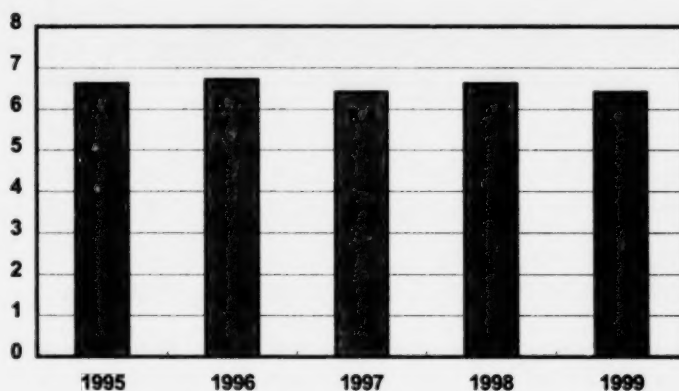


Figure 10. Average overhead rates in percentages

13. According to the guidelines established by the Executive Board for the operational reserve, the level of the operational reserve should have reached \$25.4 million at 1 January 2000. However, in its decision 98/20 of 23 September 1998, the Executive Board authorized financing of the one-time non-recurrent expenditures for information systems and relocation of its headquarters offices from a drawdown on the operational reserve, to the extent that this would be necessary. This decision was confirmed by the Board in its decision 99/16 of 15 September 1999, in which it took note of the report of the Executive Director on the level of the operational reserve (see document DP/1999/40). In that report, the Executive Director projected a \$9.5 million drawdown in 1999 and \$1.5 million in 2000. Preliminary data indicate that the required drawdown in 1999 amounts to \$13.8 million, bringing the level of the operational reserve to \$15.6 million (see figure 9).

14. This level of the operational reserve at the beginning of 2000 is 22 per cent below the level of \$19.9 million, which was projected in the revised budget estimates for the biennium 1988-1999 (see document DP/1999/39) and 39 per cent higher than the level of \$11.2 million, which was originally approved by the Executive Board in its decision 98/20 of 23 September 1998. The Executive Director reiterates that the restoration of the reserve to the prescribed level will begin in 2001, as was indicated in document DP/1999/40.

15. The administrative overhead rate, representing recurring administrative costs incurred for project services rendered is one indicator of competitiveness. Since its inception, UNOPS has monitored this parameter and has striven to maintain it as low as possible. For 1999, as in previous years, the average overhead rate calculated in relation to recurring administrative costs has remained below 7 per cent (see figure 10).

16. The financial performance of UNOPS in 1999 came close to the targets that had been set for the year in the 1999-2000 Business Plan—realistic estimates of the impact of disruptions caused by the implementation of IMIS and headquarters relocation had been built into the Plan. As figure 11 shows, UNOPS overall performance indicates that this impact was projected accurately. Thanks to an unprecedentedly high value of the new services only portfolio acquired in 1999, the \$1 billion mark for acquisition was crossed again; the \$700 million mark for delivery was surpassed again; and the 100 per cent mark for the income target was surpassed again.

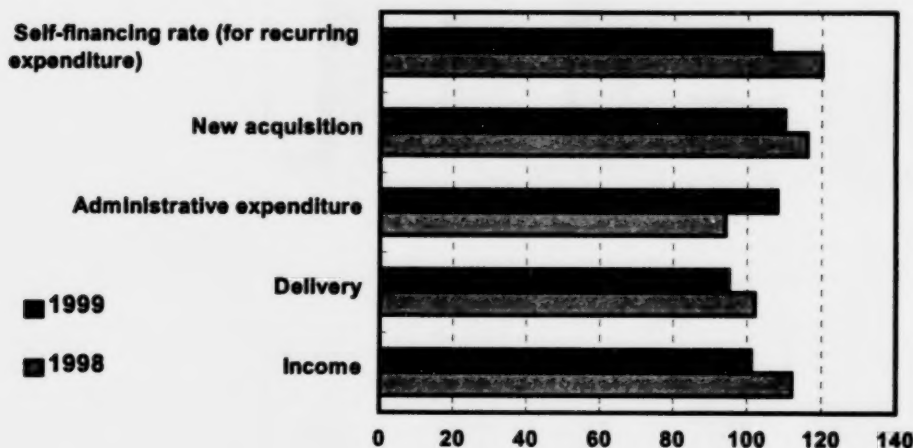


Figure 11. 1998 and 1999 performance as a percentage of Business Plan targets

III. REVIEW OF NON-FINANCIAL OBJECTIVES AND ACTIVITIES

17. Taking into account the business environment prevailing in 1999, and the limited resources available internally for undertaking tasks beyond the IMIS and Y2K challenges while maintaining quality and delivery standards, UNOPS adopted a deliberate strategy of focusing on priorities that were realistically attainable under prevailing circumstances. The main corporate objectives established for 1999-2000 therefore were: managed growth and the development of human resources and core competencies.

A. Managed growth

18. UNOPS was established in 1995 to fill specific demands of the United Nations system for project services, ranging from the management of multidisciplinary projects to specialized services in the implementation of project components. By managed growth therefore, UNOPS means the development of new products in response to an increasingly diverse clientele. Some of the 1999 achievements are highlighted in paragraphs 19 through 24. Major breakthroughs were achieved in diversifying both the client base and the nature of services rendered to the clients, as paragraphs 5 and 6 indicate.

19. UNOPS manages mine-action projects on behalf of the Department of Peace-keeping Operations, the Office of the Iraq Programme and UNDP. UNOPS responsibility is to provide overall management of the United Nations support, to identify and procure skills and equipment needed, to draw up complex donor agreements, to develop the capacity of national organizations to ensure sustainability, to oversee mine surveys, to ensure that international safety standards are followed and to build networks of rehabilitation centres. In 1999, when many groups converged in Kosovo to assist in the rehabilitation and reconstruction of the subregion, UNOPS utilized its implementation model to help to orchestrate mine action through the establishment and operation of the United Nations Mine Action Coordinating Centre.

20. Reconstruction and social rehabilitation of societies in post-conflict situations have required a concerted effort of different organizations that are dedicated to humanitarian and development activities. On behalf of major

clients such as UNDP, DPKO, DPA, the Office for the Coordination of Humanitarian Affairs, the Office of the United Nations High Commissioner for Refugees, and bilateral donors acting through UNDP, UNOPS has provided a variety of management and other services to more than 20 countries in post-conflict situations. For this, UNOPS has developed a specific operational methodology, tailored to meet local conditions, that is proving to be a powerful tool to achieve progress. The methodology is based on the principles that communities as a whole, not just target groups, must benefit from the assistance; that material and social needs must be addressed simultaneously, through building physical structures along with restoring education and health services; and that economic and social revitalization processes are to be tackled in parallel. In 1999, confidence in the methodology gained a new partner to for UNDP and UNOPS: the Asian Development Bank joined UNDP in the funding of a rehabilitation programme in Tajikistan.

21. In response to client demand, UNOPS has developed another group of specialized management services to support modernization and strengthening of democratic processes. Often the process begins with free elections, which, in partnership with Governments and specialized international and regional entities, UNOPS can organize in every aspect—from administering civic education campaigns to arranging transport of ballot boxes and observers to hard-to-reach locations. In 1999, the experience gained by UNOPS in the organization of election in 12 countries was put to the test in Nigeria, where UNOPS assembled an electoral observation team in a very short time and provided the logistical support that helped the smooth implementation of the project. Once elections are over, the programmes that allow democracy to take hold can move forward. UNOPS is often called on to implement these programmes. In these cases, UNOPS responsibility entails the breaking down of reforms into manageable tasks; the recruitment of experienced parliamentarians and jurists to advise legislators; and the procurement of software to track cases for the courts. UNOPS major clients for these services are the Electoral Assistance Division, UNDP, the European Commission and bilateral donors acting through UNDP.

22. The services only sector showed robust growth in 1999, mainly as a result of the decision by IFAD to transfer to UNOPS the supervision of 14 agricultural investment projects that were previously supervised by the World Bank, in addition to 44 new projects already planned for assignment to UNOPS. In taking this decision, the President of IFAD expressed his appreciation for UNOPS responsiveness to IFAD requirements, for the cost-effective services that UNOPS provides and for UNOPS commitment to the IFAD mission to eliminate rural poverty. The portfolio of IFAD-funded projects that are under UNOPS supervision and related loan administration amounted to over \$2.2 billion at the end of 1999 (see figure 1).

23. A positive trend regarding services rendered by UNOPS for the implementation of nationally executed projects has been a rapid increase in 1999 in UNOPS support to UNDP-funded projects in Asia. In the case of community-based poverty-alleviation programmes, the UNOPS approach, derived from the experience accumulated in the supervision of more than 50 projects funded by IFAD loans in the region, is to improve project delivery and performance, as well as national capacity in project design and management. In other cases, such as in Bangladesh, where UNOPS implements the nationally executed parliament- and governance-related programmes, UNOPS provides an operational management support package that ensures government substantive ownership of project processes and results while distributing and establishing in a transparent manner the responsibilities and role of each project stakeholder. UNOPS supervises the work flow, facilitates workplanning and input sourcing and assumes limited responsibility in the custody of funds.

24. In yet different situations, UNOPS provides customized procurement services, particularly when complex international or national bidding processes are required. UNOPS services range from carrying out the entire procurement process leading to contract signature by the government entity served, to awarding and signing the contract, thereby assuming contracting risks and responsibilities on behalf of the client, and managing the financial resources. Related to the former process, UNOPS provided these procurement services in 1999 to the Government of Peru, leading to the signature of contracts with a total value of \$272 million.

B. Development of human resources and core competencies

25. In 1999, in addition to the day-to-day administration services provided by the Human Resources Management Section to projects and UNOPS at large, much time was dedicated to three main tasks: the implementation of the interface between the IMIS human resources module and the IMIS finance module; laying the basis for a staff training strategy; and the attainment of delegated authority in personnel matters (see paragraph 29).

26. The UNOPS Asia office undertook a pilot effort in 1999 to identify a methodology for competency-based staff appraisal and training. On the basis of this pilot, which is presently ongoing, UNOPS has commissioned a wider study to include all staff. The implementation of the study recommendations is expected to be completed by the end of 2000.

27. In 1999, UNOPS intensified the training of project managers based in the field. Five training workshops were organized, as follows: in Avully (France), a workshop for managers of post-conflict rehabilitation programmes was organized; in Zagreb, the first training workshop for mine-action programme managers was conducted; two training workshops, one in Abidjan and the other in Pretoria, were held for managers of UNDP-funded programmes in Africa; and in Bulawayo (Zimbabwe), a workshop for national directors and administrators of IFAD-funded programmes was undertaken.

28. All workshops cover core management and administrative topics—financial administration, procurement process and contract administration, preparation of workplans, relations with clients and communications, design and quality guidelines, technical standards, sector best practices—required for effective programme management. Participation included staff of the clients and invited speakers and participants from institutions specializing in the technical field of the programmes. UNOPS plans to continue pursuing these activities vigorously in 2000 and beyond.

IV. DELEGATION OF AUTHORITY IN PERSONNEL MATTERS

29. In its decision 99/17 of 15 September 1999, the Executive Board requested that the Administrator delegate to the Executive Director, as a first step, the authority to issue UNOPS letters of appointment and to administer the staff of UNOPS in accordance with the United Nations Staff Regulations and Rules. It further requested that the Executive Director submit at the annual session 2000 a detailed report on the steps taken to implement the decision. The Executive Director wishes to report that constructive consultations have taken place between UNDP and UNOPS on the implementation of this decision. Final arrangements, however, are not yet in place. The Executive Director is confident that arrangements will be concluded soon and proposes that the detailed status report be submitted for the consideration of the Executive Board at its first regular session 2001.

V. UPDATE ON ONGOING MATTERS

A. Integrated Management Information System and Y2K

30. Implementation of IMIS Releases 1, 2 and 3 at headquarters, including most training of current staff, is complete. Expenditure in 1999 on IMIS implementation and Y2K preparedness, the bulk of which went into training, backstopping, and making existing systems compatible with IMIS, was \$2.7 million, or \$1.3 million under the approved budget. (UNOPS incurred no significant systems development costs to IMIS itself.)

31. While the technical and security issues that enable IMIS access from remote installations have been resolved, only the Asia Office has been given access to IMIS in 1999. The use of IMIS from remote installations continues to be hampered, however, by limited access during non-New York working hours. Although most of the access limitations have stemmed from priority necessarily having been given to the liquidation of sizeable data backlogs, data clean-ups and year-end closing processes of UNDP, UNFPA, and UNOPS, the viability of remote-access facilities depends upon increasing the window of availability to locations away from New York.

32. Many of the problems encountered in the first year of using IMIS are expected to be less significant in 2000 and subsequent years although some of them will still require attention in 2000. Uncertainties remain as to the impact of delays relating to IMIS Release 4 and to slow progress in common IMIS governance arrangements. Building on one year of IMIS experience, however, UNOPS will invest in information systems developments in 2000 that will more effectively integrate and improve upon IMIS capabilities.

33. UNOPS financial reporting on projects depends heavily on information reported from UNDP country offices. These data flows, dependent upon country office systems that required adaptation to the IMIS chart of accounts, were not regularized until the fourth quarter. Consequently, UNOPS experienced significant difficulties in fulfilling reporting obligations to its clients. Numerous clients have expressed dissatisfaction with the shortcomings

in reporting, many indicating that their continued use of UNOPS services is contingent upon resolving reporting problems. The resolution of this issue is a key priority for 2000.

34. In addition to participating actively in the Y2K preparedness activities of the United Nations and of UNDP, UNOPS mounted its own aggressive Y2K compliance programme. UNOPS-developed materials were distributed to project managers and to partner organizations, complemented by a help site maintained on the UNOPS intranet. No significant Y2K-related incidents were reported.

B. Update on the headquarters relocation project

35. The relocation of headquarters premises, scheduled for the end of September 1999 actually occurred in mid-December 1999, although final completion of non-essential construction is still pending at the time of writing. The revised budget for 1999, contained in document DP/1999/39 and approved by the Executive Board in its decision 99/15 of 15 September 1999 estimated the 1999 costs of the relocation of UNOPS headquarters at \$8.5 million. Actual 1999 cost is in the amount of \$14.0 million, corresponding to an increase of \$5.5 million.

36. This direct cost increase resulted from three main factors. First, the cost of additional furniture for common areas and conference rooms, totaling about \$0.4 million, were not included in the revised budget estimates, as well as \$0.1 million that corresponds to underestimating the cost of sound-masking equipment. Second, a higher-than-anticipated number of complex adjustments were necessary in response to specific conditions of the new premises encountered during final design and construction (these included variations in ceiling heights, column size and placements, and floor slab conditions not previously documented). The related construction costs were further compounded by the unprecedentedly tight labour market in 1999 and amounted to \$2.2 million, primarily for electrical and air circulation systems, and \$0.3 million in related architectural and engineering services.

37. Third, a number of significant changes and enhancements to the original design were decided on during construction. These were necessary to ensure enhanced performance of the computer and communications network, enhancements to conference rooms and office units, and associated architectural and engineering services, corresponding to a total of \$0.4 million in additional costs. In addition, a decision was taken to replace and upgrade the telecommunications system at the cost of \$0.4 million. This item was not included in the approved relocation budget.

38. In addition, the three-month delay in actual relocation, primarily due to longer-than-expected lead times for the delivery of essential equipment and supplies, and the additional time required for the adjustments referred to in paragraphs 36 and 37, caused unforeseen additional rental costs and penalties for the old premises, totaling a \$1.3 million expenditure above the projected amount for this item. This figure corresponds to maximum exposure; the actual figure is currently under negotiation. Furthermore, the amount of \$0.4 million in budgeted contributions to construction was received in 2000. Table 1 summarizes recurring and non-recurring costs incurred in 1999 compared with approved amounts.

C. Cost calculation and fee setting

39. UNOPS continues to apply to individual projects a workload-based fee-calculation system developed some years ago and updated in 1999 and has investigated several other formula-based mechanisms. The search for greater transparency and precision, however, continues. An accurate fee-setting system is directly linked to a sound methodology for tracking and monitoring all costs (including reimbursements to UNDP and the United Nations for central services and to the country offices for project services rendered) and must be sustained by an efficient information system. UNOPS has therefore decided to conduct a pilot test of time-tracking software in 2000 that associates a staff member's work with specific tasks or projects, as is frequently done in the private sector. Preliminary results are anticipated before the end of 2000.

	1999 Approved budget	1999 Actual
Total income	51.1	51.5
Recurring administrative expenditure	48.1	48.6
Non-recurring administrative expenditure	12.5	16.7
- Implementation of IMIS and Y/2K compliance	4.0	2.7
- Relocation of headquarter premises	8.5	14.0
Total administrative expenditure	60.6	65.3
Drawdown from the operational reserve required	9.5	13.8
Level of operational reserve after drawdown	19.9	15.6
Relocation costs summary		
- Construction	9.9	13.1
- Information systems upgrade	1.8	2.0
- Staff costs	0.3	0.3
- Contribution to construction	(3.5)	(3.1)
Net budget	8.5	12.3
- Telecommunications system upgrade	-	0.4
- Rental and related penalties	-	1.3
Total budget	8.5	14.0

Table 1. Summary of administrative expenditure incurred in 1999 compared with approved amounts (in millions of dollars)

D. Organizational structure

40. The UNOPS approach to organization and management has evolved fast in response to the constantly changing environment in which it operates. In such an environment, reviews need to be carried out from time to time in order to determine whether the distribution of functional responsibilities established on the basis of prior reviews is still adequate and responsive to demand. On the basis of the previous review, far-reaching decisions were taken, such as the organizational model distinguishing between operations and support functions (as opposed to programme and administration functions) and the introduction of integrated teams. A new functional review was conducted in 1999. It concentrated on areas that support operations and had the purpose of ensuring that the allocation of functions, and the associated organizational structure, maximize the efficiency and cost-effectiveness of UNOPS present business processes and those of the foreseeable future and satisfy the demands of the UNOPS clientele.

41. As a result, the need for a few changes in functional attributions emerged, which are now under way and will be completed by the second quarter 2000. These include: (a) the establishment of an internal control and oversight function that will monitor compliance with standards and procedures, will serve as focal point for internal and external audit and assist the Executive Director in providing assurance that all organizational controls are in place; (b) enhanced human resources management functions, in line with the increased delegation in personnel matters to UNOPS decided by the Executive Board in 1999, including responsibility for staff training; (c) consolidation of the procurement support functions with those pertaining to legal and contracting support; (d) establishment of a new function for relations with the Executive Board and strategic partnerships with the United Nations, associated with public information functions; and (e) the merger of the corporate business planning and business development functions. All these functions will have a direct reporting line to the Executive Director.

42. In order to reflect these adjustments, the Executive Director recommends to upgrade two existing P-5 positions to the D-1 level. This action will result in an increase of expenditures under the UNOPS administrative budget of about \$20,000 per year and will be covered from UNOPS income. As mandated in paragraph 7 of Executive Board decision 94/32 of 10 October 1994, the Executive Director requests the approval to upgrade these existing two positions in the staffing table to the D-1 level.

E. New partnerships with the private sector

43. UNOPS and SPOT Image, a France-based leading supplier of satellite imagery for peaceful uses, arrived at a non-exclusive partnership agreement in 1999 with the purpose of improving the availability of integrated and cost-effective remote-sensing and geographic information services technology packages to the organizations of the United Nations system engaged in providing humanitarian, rehabilitation and development assistance to countries recovering from conflicts and natural disasters. Under this agreement, services are already being provided to UNDCP to sustain its initiatives for illicit-crop monitoring to ILO and the International Strategy for Disaster Reduction in support of their programme to rehabilitate municipalities that have been affected by natural disasters, and to a UNDP- and UNDCP-funded programme of social and economic rehabilitation of war-torn rural communities in Lebanon.

44. UNOPS also signed a partnership agreement in 1999 with the Winchester Group, a United Kingdom-based publisher. Reflecting the comparative advantage of each partner, this partnership agreement gives UNOPS responsibility for conceptualizing and organizing a two-day event on United Nations-business partnerships—The UN and Business: A Partnership for the New Millennium—while the Winchester Group manages the logistics and commercial aspects of Aid and Trade 2000—a trade show that will take place concurrently in New York City 31 May-1 June 2000. The event seeks to make an operational contribution to the Secretary-General's global compact announced at Davos in January 1999. As a major management contractor and service provider in the United Nations system, UNOPS will contribute with concrete operational solutions to translate the values of the United Nations Charter in partnerships with socially responsible corporations around the world. Gathering international chief executive officers and senior United Nations and non-governmental organization leaders, "The UN and Business: A Partnership for the New Millennium" will focus on social investment on behalf of United Nations partners involved in mine action, post-conflict rehabilitation, conflict prevention and resolution, and the "business of peace". The initiative signals the beginning of a consistent new UNOPS approach to collaboration with the private sector.

F. Procurement of personnel services

45. UNOPS recruited 5,324 experts, consultants and national professionals in 1999, a 16 per cent overall decrease when compared with the number in 1998. The share of project personnel from developing countries has however, been maintained above the 70 per cent value (figure 12), the share of female project personnel has remained constant at the 18 per cent mark, and national professionals made up 53 per cent of project personnel recruited, which corresponds to a slight 2 per cent decrease below the 1998 value of 55 per cent.

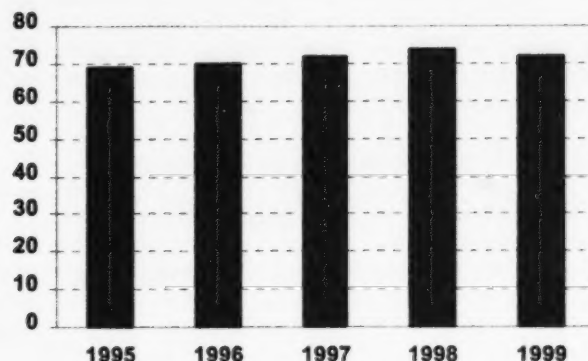


Figure 12. Share of UNOPS project personnel recruited from developing countries (per cent)

46. Work carried out by the UNOPS Training and Transfer of Knowledge Through Expatriate Nationals Services Section has continued on the upward trend although less dramatically than in 1998 (see figure 13). The Section provided training services to more than 10,000 individuals in 1999, with the number of female trainees remaining above the 33 per cent mark of trainees administered from headquarters. With 94 per cent, trainees from the Africa region continued to hold a dominant share as recipients of training services.

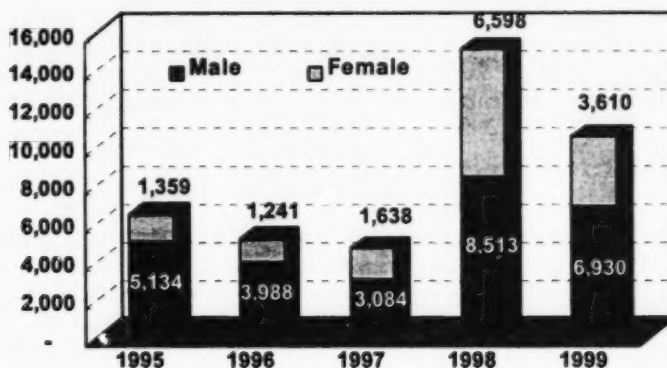


Figure 13. UNOPS trainees administered from headquarters

VI. HURDLES

47. While performance relating to the implementation of the Business Plan was relatively successful in 1999, there are a number of areas where progress was slower than expected and where unexpected difficulties were encountered.

A. Financial reporting

48. As noted in paragraphs 30 to 33, the difficulties in implementing IMIS, and more specifically, in generating accurate and timely financial reports to clients, have had an extremely negative impact on client and partner relations. The resolution of this problem is a high priority.

B. Financial arrangements with the United Nations Secretariat

49. The volume of services provided by UNOPS to the various departments and offices of the United Nations Secretariat has grown significantly (see paragraph 6 and figure 3). UNOPS and the Secretariat have yet to conclude an umbrella agreement that would address the key implementation arrangements, such as the transfer of funds to enable UNOPS to commence activities and undertake financial and other reporting. The absence of agreed arrangements remains an obstacle to the provision of services to the United Nations. This leads to a loss of opportunity for both the United Nations and UNOPS, particularly in cases where time-bound activities require immediate response from the system.

C. Agreements with UNDP

50. During 1999, UNOPS made significant strides in defining and analysing the changing nature of central services received from UNDP. Progress in certain specific areas, including human resources, information systems, and finance and treasury support, however, has been limited. This is due to three main factors: (a) heavy involvement of key UNDP and UNOPS staff throughout the year in the implementation of IMIS Release 3: Finance; (b) the significant impact that the implementation of Release 3 has had on work processes; and (c) the effect on work flows and productivity that major changes in organizational demands and priorities have caused. The resolution of these issues remains a priority and UNOPS will pursue it in 2000.

VII. FIVE-YEAR RETROSPECTIVE

51. In the discussions that eventually led to the establishment in 1995 of UNOPS as a separate entity, several themes surfaced that have remained constant factors in shaping the UNOPS response to changing demands. These include the self-financing principle; the pursuit of efficient and economical service through businesslike principles; and the challenge of diversifying both UNOPS services and clients.

52. As is demonstrated in figures 6 and 7, UNOPS has successfully adhered to the self-financing principle since its establishment. Moreover, the fact that UNOPS has been able to maintain a consistent administrative overhead (figure 10) while striving to diversify its services and clients is, in part, strong evidence of a commitment to the provision of efficient and effective services.

53. With regard to the issue of diversification, the Governing Council, in paragraph 5 of its decision 93/42 of 18 June 1993, stated that "the Office for Project Services must develop further its collaboration with other parts of the United Nations system, including, in particular, with the specialized agencies." While the Secretary-General set a new course in his report contained in document DP/1994/52 that resulted in the establishment of a separate UNOPS, he also anticipated ensuring that the new entity would operate in partnership with UNDP and other operational entities.

54. In the ensuing five years, the theme of diversification has been regularly reflected in UNOPS documents, MCC meetings, ACABQ reports, Executive Board sessions, and other documents:

(a) In his report on ways of establishing the Office as a separate and identifiable entity (DP/1994/62), the Executive Director indicated that, to respond to the needs of a broader range of clients, UNOPS expected to develop service offerings that improve its partnership with other entities of the United Nations system. UNOPS annual business plans and the annual reports of the Executive Director to the Board have all reflected this commitment;

(b) In its report on risk management, reserves and surplus income (DP/1997/28), ACABQ stressed the need for UNOPS to redouble its efforts to diversify its portfolio;

(c) In its first meeting of 1997, the MCC noted with satisfaction the positive trends in UNOPS business and reiterated its view that UNOPS should continue to diversify both its clientele and its portfolio; two years later, at the first meeting of 1999, responding to a detailed report on diversification, the MCC reiterated its satisfaction with UNOPS success in diversification and encouraged continuation of the attempt to diversify clientele. At the second meeting of 1999, the MCC, reflecting concern about trends in UNDP regular resources, urged UNOPS to make diversification of its clientele a top priority;

(d) In its report on UNOPS (A/53/788 of January 1999), the Joint Inspection Unit recommended that the Office further intensify its efforts to diversify its sources of income and its clients. In DP/1999/25, the Executive Director stated his agreement with this recommendation and asserted that it would remain a crucial part of short-term and long-term planning. In his note contained in document A/53/788/Add.1, the Secretary-General transmitted his views and those of ACC on the JIU report, concurring with the general thesis that strengthened partnerships between UNOPS and United Nations entities and specialized agencies can serve to enhance the overall support provided by the United Nations system to countries requiring development and other services from the system;

(e) The Executive Board, in its decision 99/12, also welcomed the continued progress of UNOPS in diversifying its client base and in increasing the level of services to United Nations agencies.

55. Mindful of and sharing the concerns of its legislative, management, and advisory bodies, UNOPS has unrelentingly dedicated itself to the task of providing high-quality services to a steadily expanding range of clients, all of whom can choose freely from a wide range of alternative service providers. UNOPS has been sharpening its management techniques and combining its services into customized packages to meet the increasing demands for project services from clients with mandates in all priority areas of the United Nations system, including development, governance, peace-keeping and humanitarian affairs. The information provided in paragraphs 18 to 24, amply demonstrates the unprecedented success UNOPS has had since 1995, but particularly in 1999, in responding to the mandate for UNOPS diversification. This trend is expected to continue. Figures 14 and 15 provide an indication of the level of diversification in UNOPS portfolios attained in 1999.

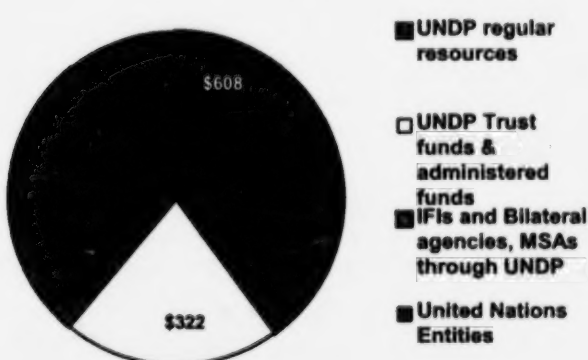


Figure 14. Composition of UNOPS 1999 project portfolio (in millions of dollars)

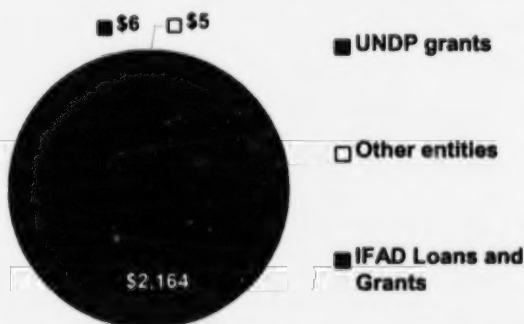


Figure 15. Value of projects in UNOPS 1999 services only portfolio (in millions of dollars)

VIII. INTERNAL OVERSIGHT

56. In submitting the report on internal audit and oversight activities (DP/2000/25/Add.1), UNOPS continues the practice established in the annual report of the Executive Director for 1997.

IX. EXECUTIVE BOARD ACTION

57. The Executive Board may wish to:

(a) Take note of the report of the Executive Director of the United Nations Office for Project Services (DP/2000/25), further noting that the Office continues to operate successfully in accordance with the self-financing principle in relation to recurring administrative expenditure;

(b) Take note of the fact that a drawdown from the operational reserve of the United Nations Office for Project Services was effected in 1999, in the amount of \$13.8 million, to cover part of the non-recurring expenditure;

(c) Request the Management Coordination Committee to assist and guide the Executive Director of the United Nations Office for Project Services in overcoming the difficulties detailed in paragraphs 49 to 51 of document DP/2000/25;

(d) Request the Executive Director to submit at the first regular session 2001 a detailed report on the steps taken to implement the delegation of personnel authority requested by the Executive Board in its decision 99/17 of 15 September 1999;

(e) Approve the upgrading to the D-1 level of two existing posts at the P-5 level, effective 1 July 2000.



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United Nations Office for Project Services

**Annual report of the Executive Director on the activities of the
United Nations Office for Project Services**

Addendum

Internal audit and oversight activities

I. Introduction

1. Starting in 1998, the internal oversight issues of the United Nations Office for Project Services (UNOPS) have been addressed separately from those of the United Nations Development Programme (UNDP). Since UNDP continues to provide administrative services to UNOPS, many of the audit and oversight initiatives undertaken by UNDP may also affect UNOPS. For this reason, the Executive Board may wish to consider document DP/2000/21 in conjunction with the present report.

2. The oversight framework for UNOPS includes three elements: (a) external audit, performed by the United Nations Board of Auditors; (b) internal audit, performed by the Office of Audit and Performance Review (OAPR) of UNDP, under the terms of an agreement between the two organizations, for which UNOPS reimburses UNDP on a yearly basis for costs incurred; and (c) internal management oversight, which is directly associated with the self-financing principle by which UNOPS continues to operate.

**II. Findings of the Office of Audit and
Performance Review**

3. The internal audit of UNOPS operations is carried out by the Project Services Audit Section (PSAS), a dedicated UNOPS audit section of the UNDP Office of Audit and Performance Review (OAPR). PSAS includes seven posts, one of which is encumbered by the Chief of the Section, four by auditors and one by an audit assistant. The information presented in the present chapter has been discussed with OAPR and reflects the views of that office.

4. As in previous years, OAPR conducted audits and management reviews of both headquarters and field activities in 1999. At headquarters, audits of the nature and structure of delegations of authority in UNOPS and of UNOPS suspense and clearing accounts, and a desk audit of imprest operations under a micro-credit support project in Africa were undertaken. In addition, two cases of allegations of irregularities/wrongdoing from 1998 were closed in 1999. The main issues relating to the delegations of authority were (a) the need to discontinue joint delegations to UNOPS project



personnel and UNDP resident representatives and (b) the need to review and revise chapter 30 ("Delegations of Authority") of the UNOPS Handbook. As to the suspense and clearing accounts, items were identified that had been outstanding for several years. Observations regarding the imprest account operations are included in paragraph 12 below.

5. Audit of field activities included management reviews of three UNOPS units away from New York (the "units"): the Implementation Facilities of the Rehabilitation and Social Sustainability Division in Guatemala and in Kenya, and the Quito Construction Unit of the Latin America and the Caribbean Division. One of the main weaknesses identified was that none of the units had a unit work plan. Also, the Implementation Facilities did not have financial information for proper monitoring of projects under their portfolio and one of them also lacked terms of reference and was undertaking direct services that fall outside the UNOPS Financial Regulations. As regards the Construction Unit, no separate report was available on the qualitative and quantitative aspects of the performance track record of the Unit, including those relating to budgetary matters, expenditure, income and delivery.

6. A field audit was also made of the programme of the Office of the High Commissioner for Human Rights (UNCHR) implemented by UNOPS. The audit focused on the role and responsibilities of UNOPS considering the underlying interim Memorandum of Understanding, as well as on the overall implementation arrangement. While most of the control procedures were being applied in the operational process, the following weaknesses in the financial operations were noted: (a) the lack of a clear arrangement with UNDP and related written accounting procedures with regard to the receipt of third-party funds (that is, for non-UNDP projects and activities), such as those from UNCHR; (b) the lack of information and interim reports on delivered expenditure during 1999; and (c) the lack of an approved written distribution of responsibilities between UNCHR and UNOPS, which has contributed to some of the difficulties encountered in the provision of UNOPS services considering the learning aspects of the new relationship. In addition, the Office of the United Nations High Commissioner for Human Rights had not clearly established a focal point for each project, as had been anticipated in the MOU.

7. Other field audits included activities carried out within the framework of projects and programmes implemented by UNOPS, the main results of which are discussed in the next two paragraphs.

8. With regard to a large UNDP-funded programme in the Europe and the Commonwealth of Independent States region, it was noted that a programme steering committee had not been established although it was a requirement set out in the programme document. As correctly stated by UNOPS, the implementation of this requirement is beyond the sole responsibility of UNOPS since both UNDP and the Government also have crucial roles in this regard. There were serious weaknesses noted in the guest-house operation, which had not been properly established and managed.

9. In another large UNDP-funded project in the same region, it was noted that a tripartite review had never been held. OAPR expressed the opinion that such a review could have best addressed differences that existed between the UNDP Country Office and UNOPS regarding the approach to the implementation strategy contained in the proposed 1999 work plan.

10. In a large UNDP-funded programme for the development of the small, medium and micro-enterprise sector in one African country, the main weaknesses identified were: (a) lack of clarity in the roles and responsibilities of the key partners in the programme operation; (b) lack of agreement on the role of the particular unit established within the programme and its working relationship with key partners in the implementation; and (c) lack of consensus on the processes and procedures adopted during the past years of implementation, including those on work-planning, budget management, monitoring and reporting, and subcontracting. Because of the nature and structure of the programme, the responsibility for many of the reported weaknesses do not rest solely with UNOPS, but also with UNDP and the Government.

11. In addition, a project under the Small Grants Programme, funded by the Global Environment Facility, in the Europe and Commonwealth of Independent States region was reviewed and no major issues were raised.

12. Audits of five imprest account operations (two in Africa, two in Central America and one in Western Asia) identified some important issues that have organization-wide implications. These include the need to: (a) ensure that imprest accounts, which were

established for specific projects and are presently being managed and used by UNOPS operational units or successor projects, are immediately closed and/or transferred to such UNOPS operational units or successor projects; (b) for some imprest accounts that are being used to make financial payments on behalf of other UNOPS-executed projects, authorize in writing and include such arrangement in the designation of the custodian and holder of the imprest account, as well as apportion the costs of operating the imprest account to the other projects, especially if they are funded from different sources; (c) on the use of one imprest account to make payments for several projects, assess such arrangement in terms of control implications, cost-effectiveness and efficiency; (d) designate in writing the custodian and holder of the imprest account whenever a new imprest account holder is appointed; and (e) review several imprest account software applications that were developed and are being used by projects with a view to standardizing the use of such imprest account software applications.

13. Audits of management and other support services provided by UNDP through UNOPS under management service agreements (MSAs) between Governments and UNDP with respect to activities financed from World Bank loans were carried out as required by the agreement between the World Bank and UNDP on the MSA audit modality. According to this agreement, UNDP is to provide Governments with audited financial statements for each MSA with expenditure above \$100,000 during the fiscal year under consideration. Audits of the implementation in 1998 under 14 MSAs financed by the World Bank were undertaken principally at headquarters and included four field visits. No issues were identified.

14. In 1999, a total of 31 audit reports were issued. Of these, the 14 reports on the government-funded MSAs financed by the World Bank do not contain recommendations because of the special nature and purpose of the reports. One other report, on common issues in the management audits of UNOPS decentralized offices does not contain recommendations, as they had already been made in the respective reports in 1998. The remaining 16 reports contained a total of 248 recommendations. Of these, 89 were in the area of finance, 31 in personnel, 47 in administration (which includes contracts and procurement), 37 in programme, 36 in the area of management and 8 in policy. UNOPS provided its

responses on the actions taken or contemplated to be taken to implement the recommendations contained in all the issued reports. Of the 248 recommendations, UNOPS management agreed on 231, or 93 per cent of the cases.

III. Internal management oversight

15. The UNOPS Management Coordination Committee (MCC) continued to oversee activities and clear UNOPS budget submissions, business plans, and key strategic directions in 1999. As reported in document DP/2000/25, regular monitoring of financial aspects of ongoing operations, which is a key element for maintaining UNOPS operations within the self-financing principle, was limited in 1999 owing to the implementation of IMIS. It is, however, anticipated that the problems causing the delays in financial reporting experienced in 1999 will be identified and resolved in 2000 in cooperation with UNDP, UNFPA and the United Nations Secretariat.

16. As in previous years, the business planning process has continued to provide a means of monitoring overall performance in all aspects of UNOPS operations.

IV. Executive Board action

17. The Executive Board may wish to take note of the report on internal oversight (DP/2000/25/Add.1).